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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1990 AND 1991

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

S. 1085

AUTHORIZING APPROPRIATIONS FOR FISCAL YEARS 1990 AND 1991 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEARS FOR THE ARMED FORCES, AND FOR OTHER PURPOSES

PART 8
MANPOWER AND PERSONNEL

MAY 11, JUNE 5, 9, 1989

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1990 AND 1991

THURSDAY, MAY 11, 1989

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES
Washington, DC.

MANPOWER PROGRAMS

The subcommittee met in open session, pursuant to notice, at 2:05 p.m., in room SR–253, Russell Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Exon, Wilson, McCain, and Lott.

Committee staff members present: David S. Lyles, Frederick F.Y. Pang, and Patricia L. Watson.

Minority staff member present: George K. Johnson, Jr., professional staff member.

Staff assistants present: Kelli Pronovost and Debra A. Rice.

Committee members' assistants present: Phillip P. Upschulte, assistant to Senator Glenn; Jeffrey B. Subko, assistant to Senator Exon; Anthony H. Cordesman, assistant to Senator McCain; and Charles Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The committee will be in order. I want to start off today in a little different vein. I was just handed a copy of a letter from the Secretary of the Navy to the Honorable John McCain, the ranking minority member and very valued member of this committee. I will read this letter because I think it is worthy of note here today.

Dear John, this is to inform you of my selection of the name *John S. McCain* for DDG–56, an *Arleigh Burke*-class guided missile destroyer. This name honors your grandfather, Admiral John S. McCain and your father, Admiral John S. McCain, Jr. She will be built at the Bath Ironworks, Bath, Maine, and we expect delivery to the Navy in January 1994. Sincerely, William L. Ball III. I think that is worthy of note today.

[Applause.]

[Letter and press release follow:]

The Secretary of the Navy,
Washington, DC, May 9, 1989.

Hon. John McCain,
U.S. Senate,
Washington, DC.

Dear John: This is to inform you of my selection of the name JOHN S. McCAIN for DDG 56, an ARLEIGH BURKE (DDG 51) Class guided missile destroyer.

This name honors your grandfather, Admiral John S. McCain, and your father, Admiral John S. McCain, Jr.

She will be built at Bath Iron Works, Bath, Maine, and we expect delivery to the Navy in January 1994.

Sincerely,

William L. Ball III.

U.S. Navy To Name Ship After McCain's Father and Grandfather

Washington, DC.—The United States Navy today announced that a guided missile destroyer, currently under construction, will be named for Senator John McCain's father and grandfather. Both men, John S. McCain, Sr., and John S. McCain, Jr., were Admirals in the U.S. Navy.

"It is truly an honor, for my family, to have both my father and grandfather's contributions to this nation recognized in this way," McCain said about the naming decision. "They both dedicated their entire lives to their country, and no tribute to that service could be more fitting than to have a ship named for them."

Admiral John S. McCain, Sr. (1884–1945) was a pioneer in naval aviation, who commanded naval aircraft units and aircraft carriers. He commanded aircraft carrier task forces in the Pacific, under Admiral "Bull" Halsey, during many of the critical sea battles of the Second World War. He led several of the final air strikes on Japan, and was present on the U.S.S. *Missouri* when the Japanese surrendered ending the Second World War.

Senator McCain's father, John S. McCain, Jr., commanded submarines during World War II which contributed to the disruption of Japanese supply routes throughout the South Pacific theater. He later commanded submarine units and held numerous high posts in the Department of the Navy. During the Korean War he served as a squadron commander, and he was the Commander-in-Chief of all U.S. forces in the Pacific during the Vietnam War (1968–1972).

The U.S.S. *John S. McCain* is an *Arleigh Burke* Class (DDG 51) guided missile destroyer, and it is under construction in Bath, Maine. The ceremony officially naming the ship has not been announced.

An earlier U.S. Navy vessel named for Senator McCain's grandfather, commissioned in 1953 and decommissioned in 1978, also was named the *John S. McCain.*

Senator McCain. Thank you very much, Mr. Chairman. I am very honored and it is not often I am a little bit at a loss for words, but I know that my mother will be very happy to know of this singular distinction and thank you for taking the time from this committee's very busy business to mention that, Mr. Chairman.

Senator Glenn. We do have a lot of business but there is always time to note some things like that when they occur. And we are glad to have you as a member of the committee.

Senator McCain. Thank you.

Senator Glenn. I think this is a great recognition of the family tradition.

The Subcommittee on Manpower and Personnel meets today to review manpower programs proposed in the fiscal years 1990–91 Defense authorization request. Before we hear from our witnesses I would like to briefly set the stage for this hearing.

This is going to be another busy year for the Subcommittee on Manpower and Personnel and we will be dealing with a number of issues that are of vital importance in sustaining the combat effectiveness of our military forces—and I underline that, combat effectiveness.

If there is anything we do that does not have that as its ultimate end we should cut it out because too often we get involved with considerations of organizing and reorganizing and directing how the Pentagon will run, and sometimes we lose sight of the fact that all of our efforts should be toward that combat effectiveness.

I think it is fair to say that the one area where there is no question about the return on our investments in defense over the last 8 or 9 years is in manpower. Working together, the Congress and the administration have substantially improved manpower readiness.

In the late 1970s our military leaders warned of gaping shortfalls in NCO and petty officer manning that threatened the combat readiness of our forces. The Army was characterized by the Chief of Staff of the Army as a hollow Army, and the Navy faced the prospect of tying up ships for lack of trained, experienced personnel.

The problems which were severe then have largely been corrected. Congress, working with the administration and the Pentagon provided two large pay increases in 1980 and 1981 at a cost of about $13 billion in first-year costs. These raises equalized military pay levels with private sector pay levels.

Concurrently, the Congress authorized a variable housing allowance now costing $1.2 billion annually, that has gone a long way despite some appropriations caps in closing the gap between actual off-station housing costs and housing reimbursements.

Congress also invested in targeted compensation initiatives such as enlistment and reenlistment bonuses, sea pay and submarine duty pay, aviation bonuses, nuclear duty pay and medical pay.

In addition, the Congress invested in improved PCS—permanent change of station reimbursement even though there is still more that needs to be done in this area—and a great deal needs to be done in that area, I have looked into this issue in some depth—and in improving the overall quality of life of military members and their families through substantial upgrades in facilities such as child development centers and housing.

Let me just make another remark with regard to the permanent change of station. A couple of years ago we looked into what the Civil Service gets on a transfer across country as opposed to military with the idea that we would make them the same.

It turned out it would cost us something like $7 billion a year additional for the military, if we were to give the same kind of compensation and consideration during a permanent change of station. Now, I am not proposing we cut the civil servants compensation, but I just wanted to point that out in passing that that is going to be of continuing interest to us on this committee and we hope to make some corrections in the years ahead.

As a result of these other initiatives I mentioned, and I believe it is appropriate for us to take some credit for it, recruitment and retention of quality people has improved significantly and have stabilized at record levels over the last 4 years.

For example, last year 93 percent of nonprior service recruits were high school graduates, and 95 percent scored average or better on the mental category entrance examination. Comparable percentages for 1980 were 68 and 65 percent respectively, so what we have here is an improvement in recruit quality of 37 percent in the rate of high school graduates and an increase of 46 percent in the rate of average or above mental categories.

The gains in retention are equally dramatic. Last year, first-term and career retention rates came in at 49 and 86 percent respectively. Comparable figures for 1980 were 39 and 71 percent and so, what we have here is an increase of 26 percent in the rate of first-term retention and an increase of 21 percent in the rate of career retention.

This is not to say the recruiting and retention picture in the military services is perfect. Far from it. There are obviously problems, such as the declining youth population, and nagging shortages in specific skills that continue to require our attention.

However, the point I want to make with these examples is that despite characterizations that sometimes indicate otherwise, the Congress does care about manpower readiness and the welfare of military personnal and their families and has continued to invest in the personnel accounts even in these difficult fiscal times.

It is true that like the rest of the defense budget, the manpower program has come under pressure. It has been reduced in the amended budget request. For example, the amended budget proposes a 3.6-percent pay raise for military personnel. This is a scale back from the 4.6 percent that was advertised by the administration last year.

Also, in order to tighten the manpower belt the amended budget proposes a reduction in active force strengths of 16,700 from the original Reagan request for fiscal year 1990. Nonetheless, of the $10 billion that had to be cut out in the amended defense budget, the manpower account was taxed for only $700 million, or 7 percent of the required cut so the manpower account came out, relatively speaking, unscathed. I think this is a good result and one that the committee will support.

So that is the general context and background in which we will be reviewing the DOD manpower authorization request for fiscal year 1990 and 1991 and I look forward to hearing from our witnesses. We have quite a number of questions.

At this time I want to ask Senator McCain if he has any opening comments he wishes to make.

Senator McCAIN. Thank you, Mr. Chairman. It is a pleasure to join you here today and I would like to welcome our witnesses, Mr. Berteau—it is good to have you appear before the subcommittee—General Ono, Admiral Boorda, General Hickey and General Hudson have all appeared with us before.

You are all well aware that fiscal constraints based on Federal spending are having a very serious impact on defense outlays and as a result the administration has decided to make tradeoffs in the size of our Armed Forces to protect their quality. As Chairman Glenn said, we do not want to return to the days of the 1970s which both the witnesses and the Chairman and I remember with some vivid clarity.

I think that in a world where we must balance risk and capabilities, cutting the size of the force may truly be a guessing game. I am concerned about the escalating cost of the All-Volunteer Force and its future impact on the size of the force.

Just 20 years ago there were 1.5 million men and women in the Army and the Navy and the Navy manned more than 1,100 ships. Each service is much smaller today. Twenty years in the future, Mr. Chairman, I wonder what the force will look like.

Mr. Berteau, I am pleased to see that the Department of Defense has taken another look at the Aviation Career Improvement Act introduced by the Chairman and myself, we certainly hope that our efforts will alleviate the pilot shortage in the Navy and the Air Force and prevent shortages from becoming a problem for other services.

I would like to reiterate to all the witnesses, we are willng to work with you on some of the nuances and problems that you may have, but I also share the Chairman's view that it would be of great benefit to everyone if we could expedite this legislation. We cannot do that until we are in agreement, or agree to disagree.

I am aware of the concerns of the services about required service commitments and the flying gates and we will, as I have said, be glad to discuss that with you in the future.

Mr. Chairman, one of the areas that concerns me the most is the trend in recruiting. As you are well aware, the demographics do not favor recruiting again until about the year 2000.

The number of Category 4 recruits being accepted by the Navy and Army is increasing, and as our military becomes increasingly more complex, approaching the next century, we will find ourselves needing more high quality recruits than ever before. I would like to make it clear that I do not support the policy of meeting recruiting goals by accepting lower quality recruits just for the sake of meeting goals.

I am proud of the men and women that serve our Nation. I have been very impressed by the witnesses that we have had before us in the past. I think they are doing a fine job in representing their services and we appreciate you taking the time from your otherwise busy schedules to be with us and work with us for the betterment and benefit of the men and women in the Armed Services.

Thank you, Mr. Chairman.

Senator **GLENN**. Thank you, John. Gentlemen, I believe each of you has submitted a written statement for the record. I would like to ask you to briefly summarize your statements before we move on to questioning.

Mr. Berteau, we would ask you to lead off, please.

STATEMENT OF DAVID J. BERTEAU, DEPUTY ASSISTANT SECRETARY OF DEFENSE, RESOURCE MANAGEMENT AND SUPPORT

Mr. **BERTEAU**. Thank you, Mr. Chairman. I appreciate your kind remarks. I think you are absolutely right, and we all know that we owe a great deal of thanks to you and to Mr. McCain and the committee for a lot of those successes over the past few years that you have cited.

We appreciate the opportunity to appear before this committee today to discuss primarily the revised manpower budget for fiscal years 1990 and 1991.

Secretary Cheney has noted repeatedly that the maintenance of quality, well-trained personnel was his top priority; and through the specific force structure reductions and the cancellation of a number of major weapons systems, the residual force remains the best match of manpower, force structure, reduced budgets, and capability.

We urge this committee's support for the priorities that are reflected in that revised budget, and I appreciate your words that you in fact intend to do that with respect to manpower.

We also urge your continued support to produce authorization and appropriation bills on schedule and to move toward biennial budgets. The stability provided by these actions has payoffs in all areas of DOD, particularly with respect to our ability to oversee the execution of those budgets.

We continue to rely on the capabilities of our total force for peacetime deterrence and wartime capability, and in that context, let me highlight our force structure and manpower changes.

For active duty military, the fiscal year 1990 total end strength is reduced over 11,000 from fiscal year 1989, last year, and by 16,700 from the original fiscal year 1990 budget. The Army reduction takes out a brigade of the 4th Infantry Division, reduces INF forces in Europe, and reduces accessions in students to match that lower end strength.

Air Force and Navy reductions reflect similar actions, particularly the Navy's reduction of carrier battle groups from 15 to 14 and the transfer of frigates into the Naval Reserve. In addition, the Navy foregoes a planned end strength increase of 4,400 in fiscal year 1990 active duty end strength.

For fiscal year 1991, the active duty military end strength is reduced by another 1,400 spaces from fiscal year 1990. The Selected Reserve increases by 7,500 from the programmed fiscal year 1989 position in fiscal year 1990 and grows an additional 4,000 in fiscal year 1991. Both of those Reserve numbers, however, reflect a small reduction from the original fiscal year 1990 and 1991 proposals.

Our civilian end strength is also down to approximately 1,104,000 in fiscal year 1990 and 1,100,000 in 1991. This is about 5,200 spaces below the 1989 level and another 3,300 spaces down in fiscal year 1991.

On officer reductions, by 1991 DOD will have reduced over 10,600 officer billets from the fiscal year 1986 baseline. Additional officer reductions resulting from the Vander Schaaf study and the revised budget will continue to be taken through fiscal year 1991.

Our recruiting results, as you noted, continue to be quite good, although they are not quite achieving the historic highs of the past few years. Military services are exceeding or meeting their overall objectives, but there are some emerging signs of concern. My written statement goes into some detail on that. But we still are at 90 percent of new recruits being high school diploma graduates and 92 percent testing average or above, and this compares with substantially lower numbers in the civilian population as a whole.

In order to preserve the continued success in recruiting and prevent any further erosion, we need your strong support for all the recruiting initiatives contained in the fiscal years 1990–91 revised budget, including the supplemental education benefits, the advertising, the recruiting facilities, and the adjustment of recruiting incentive ceilings. Most importantly, of course, we must protect the 3.6 percent military pay raise.

Despite 15 years of success with the Volunteer Force, there continue to be proposals to reinstitute some kind of national military service program. These are generally based on beliefs that an alternative program would be cheaper, produce better social representation, a higher quality force, better readiness, meet military requirements, or develop a sense of community obligation among the youth today.

I think we can all agree that our goal should be to sustain a force of the same quality and experience that we have today. Every analysis shows that to do so, national military service or conscription would be more costly than the current all-volunteer system.

Many of the national service proposals before the Congress potentially would destroy the effectiveness of our current programs, would reduce recruit quality, increase training costs, adversely affect the productivity of military personnel, and actually reduce our readiness and combat effectiveness.

Minority participation in the force would probably increase, not decrease, and Federal budget costs would increase without increasing the number of Active or Reserve accessions.

The administration will forward to Congress probably by early summer its own youth service bill. The President's proposal will call for voluntary national service programs that are integrated into a young person's normal schedule and career path as opposed to programs that require a set period of full-time service and will not attempt to compensate young people for service with Federal dollars, out of a belief that voluntary service itself would be its own reward.

Because within DOD the Volunteer Force has proven to be highly effective and because we have clearly demonstrated our ability to attract the number and quality of people we will need during the next decade—and I will be glad to go into that in more detail during the questions—there is no need for either a peacetime draft or national service to satisfy military manpower requirements.

There is, rather, a strong need to sustain our current success by restoring and maintaining the value of the resources and incentives for recruiting and retention, the purchasing power and competitive appeal of military compensation, and the political support for our Armed Forces. We of course need your continued support in doing this.

Let me quickly run through a couple of other areas of the budget. Our training, as you noted, has improved markedly during the 1980s and we have held the line on that in the revised budget. Most operating tempos are at the same levels in fiscal years 1990–91 as in previous years, and we of course need your continued support for this.

In addition, we remain committed to expanded and enhanced career opportunities and career development for women. We continue to make progress in improving the education, training and experience of joint officers, and we remain convinced that there must be a more efficient and flexible civilian personnel system. Recent initiatives, as you know, have not passed on this, but the on-going defense management review will recommend several steps to the President in that regard.

Our projected officer shortage of pilots, nuclear officers, and medical personnel, as well as our shortage of certain mission critical enlisted personnel, will of course, as you have noted, require continued attention.

Overall enlisted retention rates remain satisfactory, but most are now a few percentage points below the fiscal year 1982 to 1984 peaks. The maintenance of incentive programs will be vital to the proper mix of officer and enlisted experience and skills.

On the pay raise, we need to maintain the purchasing power and the competitive appeal of military compensation and to do all we can to ensure quality of life for our personnel.

We deeply appreciate this committee's continued support for the pay raise last year when, for the first time in 7 years, military members received a pay raise greater than the wage growth in the private sector. Nevertheless, there is still a considerable pay gap, and therefore we do need your support for the 3.6 percent pay raise.

Enlistment and selective reenlistment bonus programs remain two very effective tools in meeting recruiting and retention requirements. Bonus expenditures will continue at relatively austere levels in fiscal years 1989 and 1990. Any reductions beyond those in our program would of course limit our ability to maintain mission critical skills and to react in the event of retention downturns.

We ask for your strong support of these very cost-effective programs. In addition, we will continue to work with you on the monetary incentives that are necessary for retaining the critical officer skills, including aviators, physicians and nuclear-trained officers, where we face continued shortages.

We appreciate the funding increase approved by Congress for the Variable Housing Allowance program. However, a funding ceiling was again imposed in fiscal year 1989. For fiscal year 1990 we are asking for a 3.6-percent rate increase, and we are hopeful that Congress will not impose a ceiling.

The Department, of course, is fully committed to supporting the initiatives that contribute to the well-being of DOD personnel and their families, including morale, welfare and recreation programs, family support services, and dependent education. We need your support in preserving these quality of life programs that are so vital to retention.

Mr. Chairman, let me conclude by saying we have made great strides in the manpower area in the last 7 or 8 years, and this committee has been instrumental in the improvements made in personnel quality and in overall readiness.

In this year of reduced budgets, the manpower and personnel concerns of the Defense Department will be particularly vulnerable and will present great challenges both to the Department and to the Congress. We ask for your help in ensuring that the significant progress that has been made will not be undone.

Our continued success depends on your support for adequate recruiting resources and incentives, for compensation and quality of life, as well as for the overall program we have built for fiscal years 1990 and 1991.

We have devoted a great deal of attention to improving our ability to determine the appropriate mix of personnel and to validate our requirements for these personnel. We pledge to continue to concentrate on these efforts so that with your support of all our defense resources.

That will conclude my summary from my overall statement, Mr. Chairman. Thank you.

[The prepared statement of Mr. Berteau follows:]

STATEMENT

DAVID J. BERTEAU

DEPUTY ASSISTANT SECRETARY OF DEFENSE

FOR

RESOURCE MANAGEMENT & SUPPORT

I. Introduction

Mr. Chairman, thank you for the opportunity to appear before this subcommittee to discuss the DoD revised manpower budget for FYs 1990-1991. Secretary Cheney has noted repeatedly that the maintenance of quality, well-trained personnel is his top priority. The reductions we have taken in the FYs 1990-1991 revised budget have protected a force that is ready and well-trained. Through specific force structure reductions, the residual force remains the best match of manpower, force structure, and reduced budgets. We urge this subcommittee's support for the priorities reflected in the revised budget.

We also urge your continued support for efforts to produce authorization and appropriation bills on schedule, and for our continued attempts to move toward biennial budgets. The stability provided by these actions has payoffs in all areas of DoD--from selective reenlistment bonuses to total force oversight, from OPTEMPO to tank procurement.

Since the quality and the well-being of our uniformed and civilian personnel, with an appropriate overall level of readiness, were our highest priorities in developing this budget, I will focus my statement today on our management of the life cycle of the total force--requirements determination, recruiting, training, utilization, and retention--and on how our revised budget relates to that management.

The U.S. relies on the capabilities of its total force for peacetime deterrence and wartime success. The total force is composed of active and reserve forces, military retirees, DoD civilians, host-nation support, and contracted services. By maintaining an appropriate mix of these personnel, we are able to meet total manpower requirements under tight fiscal constraints. This mix must continually be adjusted in response to changes in the Department's peacetime work loads and wartime missions.

Our overall objective is to use the most cost-effective mix of personnel that will achieve our national security goals. Total force management policy dictates that military personnel be used only for positions that "require military incumbents for reasons of law, training, security, discipline, rotation, or combat readiness . . . ." We use civil servants for those civilian activities that are governmental or essential to mobilization. Comparative costs then determine whether the remaining civilian jobs are assigned to in-house or contractor personnel. In addition, we rely upon and actively promote host-nation support.

Where missions do require U.S. military personnel, both cost and responsiveness capabilities are considered in determining whether the missions should be assigned to the reserve or active components. Major considerations in assessing the capability of reserve units to perform specific missions include availability, the possible need for forward deployment in peacetime, and peacetime work loads. The continued success of the total force policy in a period of fiscal constraint also requires that those units in the total force that will be the first to fight--whether they are active units or reserve units--get priority in resource allocation.

The Department also has in place plans and strategies to improve the productivity of the total force. These include the implementation of total quality management and the use of labor-saving capital investments, efficiency reviews, quality circles, and commercial activity cost comparison studies. Our goal is to seek continuous reductions in cost, while at the same time improving the quality of support provided the U.S. Service member.

II. Requirements

End Strengths

The following table shows the President's budget request for FYs 1990-1991, as originally submitted and as amended, along with end strength numbers for FYs 1988 and 1989.

	FY 88 (Actual)	FY 89 (Auth.)	FY 90 (Original)	FY 90 (Revised)	FY 91 (Original)	FY 91 (Revised)
Act Mil	2,138,200	2,133,200	2,138,200	2,121,500	2,134,600	2,120,100
Sel Res	1,158,400	1,170,700	1,178,300	1,178,200	1,181,700	1,182,200
Civ*	1,090,200	1,108,800	1,104,200	1,103,600	1,101,100	1,100,300

*Direct and Indirect Hire

For active duty military, FY 1990 total end strength is reduced 11,668 from the programmed FY 1989 position and by 16,700 from the original FY 1990 budget. The Army reduction of 7,400 from the FY 1989 position takes out a brigade of the 4th Infantry Division, reduces INF forces in Europe, and reduces accessions and students to match the lower end strength. The Air Force reductions in FY 1990 occur as a result of bomber and fighter reductions and some contract actions. The Navy reduction encompasses, among other initiatives, a reduction in the number of aircraft carrier battle groups from 15 to 14, a transfer of 4 frigates to the naval reserves, the decommissioning of 11 destroyers, and an increase in the number of Navy SEAL platoons and Navy health care personnel. In addition, the Navy foregoes a planned increase of 4,400 in FY 1990 active duty end strength.

For FY 1991, the total active military end strength is reduced by another 1,400 spaces from FY 1990. The Army reduction (-300) is due to the reduction in size of Apache helicopter units. The Air Force reduction (1,100) is tied, among other initiatives, to the removal of the GLCM weapon system in Europe. The Navy does not change end strength between FY 1990 and FY 1991, but it does decommission another 11 destroyers and transfer 6 more frigates to the reserves; these actions are offset by further increases in SEALS and by naval growth.

The Selected Reserve increases by 7,500 from the programmed FY 1989 position in FY 1990 and grows by an additional 4,000 in FY 1991. These increases are necessitated by the expanded scope, size, and nature of missions assigned to the Reserve Components that require units of the Selected Reserve, especially early-deploying units, to be manned at levels that make them ready for combat on short notice.

The Department's civilian work force estimates reflect a requirement for approximately 1,104,200 direct and indirect hire end strengths in FY 1990 and 1,100,300 in FY 1991. Our FY 1990 civilian manpower estimate represents a reduction of about 5,200 spaces from the FY 1989 estimate, and the FY 1991 estimate is reduced by an additional 3,300 spaces. These adjustments reflect many small adjustments (both increases and decreases) in funded workloads and mission requirements, most notably a 7,954 space reduction in anticipation of work force savings from successful future Commercial Activities studies.

Oversight of Requirements Determination Process

During development of the FYs 1990-1991 Budget and the FYs 1990-1994 Five Year Defense Program, DoD analyzed the proposed changes in manpower plans. The budget information in the Defense Manpower Requirements Report provides the foundation for further analysis of the Services' manpower programs, distribution plans, and personnel inventories. Our ongoing oversight efforts continue to identify potential problems, audit compliance with Secretarial guidance and Congressional direction, and allow aggressive managerial involvement to improve stewardship of the Department's manpower resources. This will ensure a better match of mission and work load to resources and manpower, which is the goal of an effective requirements process.

In our effort to expand manpower oversight we have also begun regular assessments of the Services' billet-level manpower files. The project required assembling computer systems and building a large-scale manpower data base at the Defense Manpower Data Center in Monterey, California. This is a long-term initiative that will, in time, allow OSD to track and analyze Service manpower requirements and distribution plans. The potential exists, for example, to tackle large-scale analytical reviews of enlisted manpower requirements by occupation and grade--a level of specificity heretofore not achievable. As the information systems mature, our management of the dynamics of enlisted force supply and demand management will improve.

Concurrent with OSD initiatives to improve the oversight of requirements determination processes and results, the Services are enhancing their requirements determination methods by integrating them into the efficiency review process. That process, which requires the user to review and improve existing procedures for establishing requirements before labor standards are set, has the potential to reduce manpower costs significantly.

Total Force Manpower Requirements. To support its manpower budget request, the Department continues to improve the oversight process for DoD total force manpower requirements. We have drafted a new directive on total force management that more clearly states DoD policy and assigns responsibilities among DoD organizations; and we continue to develop better tools for determining, managing, evaluating, and overseeing the force mix. Contract research is assisting us in areas such as measurement of manpower costs and the development and utilization of data bases to evaluate the force mix. Implementation of the proposed policy is a long-term effort involving a wide range of DoD leaders, and we are making considerable progress.

Officer Reductions/Validation of Officer Requirements. As a result of the Department's inability to justify officer growth between FYs 1980 and 1986, the FY 1987 DoD Authorization Act directed 1 percent, 2 percent, and 3 percent active duty commissioned strength reductions for FYs 1987, 1988, and 1989. The FY 1988 Authorization Act rephased the reduction to 1 percent in FY 1988, 2 percent in FY 1989, and 2 percent in FY 1990.

After DoD absorbed the FYs 1987 and 1988 officer cuts, we completed an exhaustive officer requirements study, and Congress removed the remaining reductions. We have now established more efficient controls over officer growth by requiring all significant changes in authorized manpower levels to be validated prior to implementation. We also have underway a review of field grade officer strengths that will begin with a look at O-6 positions during calendar year 1989.

The previous officer reductions have had an impact on personnel management plans, individuals, and officer communities. Furthermore, officer reductions resulting from the 1988 Defense Officer Requirements Study, the Vander Schaaf Study on manning of Unified and Specified Commands, and the DoD FYs 1990-1991 revised budget are continuing through FY 1991. Altogether, DoD will have reduced over 10,600 officer billets by FY 1991 from the FY 1986 baseline.

General and Flag Officer Requirements. In 1988, the Department completed a comprehensive study to validate General and Flag Officer (GFO) requirements. This validation process was conducted by each Service and the Joint Staff using a common methodology developed by an independent contractor, the Hay Group. The study validated requirements for 1,436 GFOs. The Deputy Secretary directed the Services and JCS to implement the findings of the study by restricting assignment of officers to billets commensurate with the validated requirements. At the same time, he directed an annual revalidation of 25 percent of GFO requirements. The first annual revalidation is now in the final stages, and it shows every sign of supporting the requirements developed in the original study.

Manpower, Personnel, Training, and Safety in Acquisition. We have issued a DoD directive on manpower, personnel, training, and safety in the acquisition process and are monitoring the implementation of that directive and conducting analyses of Service estimates of manpower needed to field major weapons systems. Industry and the Services are making great strides in improving designs to allow for better operations, maintenance, and training.

This is a high-payoff area that will remain a priority for years to come.

Unified and Specified Command Headquarters Requirements. In December 1987, the Secretary of Defense directed a review of the military and civilian manpower in the Department's Unified and Specified Command Headquarters organizations. This review, which has come to be known as the "Vander Schaaf Report," recommended specific reductions to the Unified and Specified Headquarters. The Secretary of Defense and the Chairman of the Joint Chiefs of Staff agreed to reductions of 3,000 military and civilian spaces. They further agreed to reinvest 2,244 spaces to satisfy unfilled requirements in combat and medical support operations. These actions are reflected in the FYs 1990 and 1991 budgets.

Medical Manpower Requirements. The Department recently completed a major study of wartime requirements for medical manpower and deployable medical facilities. The results indicate that programmed aggregate physician supply would be roughly in balance with requirements, but we anticipate shortages in some specialties, especially in the field of surgery. As a result of the study, we have undertaken several tasks to strengthen our basis for projecting medical manpower requirements. My office is heading Department-wide efforts related to estimating combat casualties, translating these into required hospital manpower and beds, and accounting for physicians needed outside hospital settings.

Total Force Mobilization Requirements. The ability to mobilize effectively is a key deterrent to war. Mobilization is a complex process requiring sound peacetime planning, stockpiling, and exercising for success, particularly if mobilization must be done quickly.

We continue to identify and develop human resource alternatives to our current manning structure that will enable us to use all of our total force manpower resources in wartime. This analysis includes not only the active and selected reserve force, but also the qualitative management of the Individual Ready Reserve (IRR), retired military personnel who could be recalled to duty in a crisis, and untrained personnel who would be drafted and trained. In addition, we are focusing on improving mobilization planning and preparedness for the more than 300,000 additional members of the civilian work force who will be required almost immediately upon mobilization to meet expanded wartime support requirements and to replace employees who have a military obligation.

We are also assessing the accuracy of our wartime manpower requirements estimates. In particular, as noted above, we are concentrating on the Services' casualty estimates, which drive wartime replacement demand. We are comparing casualty estimates with historical experience, field exercise results, and the estimates of our allies.

Congressional Support Needed

As we improve our requirements determination process, Congress can help us by removing several legislated personnel ceilings. Arbitrary ceilings interfere with the Department's ability to match missions and work loads with manpower and therefore reduce our ability to manage our forces in the most cost-effective way. The Department has repeatedly demonstrated the ability to manage civilians effectively without a legislatively imposed civilian ceiling; we would like a chance to translate this experience into the management of all our manpower resources.

Two troop ceilings--one for NATO Europe and one for Northeast Asia--are currently in existence. The current NATO European ceiling of 326,414 was established in 1985. Although DoD actually has programmed end strength under the ceiling for FYs 1990 and 1991, we believe that this ceiling should be removed, because DoD should be allowed to deploy force structure as needed to meet the threat. The current Northeast Asia ceiling, enacted with the FY 1989 Appropriation Act, is 94,450 and equates to the total number of permanent U.S. military members ashore in Japan and Korea as of September 30, 1987. This new ceiling does not apply to FY 1990, and the Department urges support for no such ceiling in future years. In conjunction with the imposition of troop ceilings, there has been considerable Congressional interest in reducing the number of military dependents overseas. I urge the Congress to move with extreme caution in this area. While the desire to reduce the cost of maintaining troops overseas is understandable, reducing dependents would lead to lower retention, create serious morale problems, and ultimately cost more.

The FY 1989 Appropriation Act also continued the ceiling on overseas civilian workyears and reduced the initial workyear ceiling (established at 188,496, the actual FY 1986 execution level) to 182,011 (the actual FY 1987 level). We remain opposed to legislatively imposed civilian employment controls in general, and selected geographic controls in particular. The civilian work force is a resource that can best be managed on mission requirements and funded work load. The overseas workyear ceiling also impedes our ability to hire spouses who accompany Service members to locations outside the continental United States.

Another civilian ceiling that hinders our ability to manage effectively is the ceiling on Defense Agency and Field Activity personnel mandated by Title VI of the DoD Reorganization Act. We ask for your support in lifting this and the other restrictive ceilings I have mentioned.

III. Recruiting

Military Recruiting

Since 1986, we have managed to sustain high levels of military recruit quality despite significant reductions in the real dollar value of available recruiting resources. Productivity enhancements increased the average manyears per accession and will pay further dividends in reduced accession requirements in FY 1991. Further reductions in accession levels resulted from last year's force structure drawdown. Together these factors more than offset any potential reduction in recruit quality that might have been produced by a slightly smaller pool of quality applicants.

Our recruiting results from the first half of FY 1989 show that, while not quite reaching the historic highs achieved in recent years, the Military Services are exceeding or meeting their objectives. Although the Army technically met its recruiting goals, it did so by shifting several thousand accessions originally planned for the first half into the last six months. Eighty-nine percent of new Army recruits were high school graduates, and 89 percent scored average or above on the enlistment test. The proportion of recruits scoring in the lowest acceptable test category grew to 11 percent (compared to 4 percent a year earlier). This is exceeds the maximum desired level established by the Army in the 1985 Report to the Congress on Defense Manpower Quality by 1 percentage point, but remains 19 percentage points below the proportion of American youths with similar scores.

For all Services, 90 percent of new recruits were high school graduates, and 92 percent tested average or above.

A more serious concern is the continuing decline in the proportion of recruits who sign enlistment contracts up to a year in advance. At the end of the first half of FY 1989, 42 percent of the FY 1989 objective had been recruited, versus 49 percent in FY 1988. In order to reverse this trend and to preserve the continued successes in recruiting, we need your strong support for all the recruiting resources and tools that we have.

Recruitment Tools

In view of the declining youth population and strong employment outlook, we need to act now to reverse negative recruiting trends before serious problems develop. We need the support of the Congress for the recruiting initiatives contained in the FYs 1990-1991 revised budget. These include funds for (1) Army and Navy supplemental educational benefits to increase the average term of quality enlistments, (2) Joint and Service-specific advertising to inform young people and influencers of military service opportunities, (3) placement of recruiting facilities where the youth market is growing (while closing those where it is shrinking), and (4) adjustment of recruiting incentive ceilings to counteract the effects of inflation since they were originally established. In addition, we must protect the 3.6 percent pay raise.

A recent RAND study documents the cost-effectiveness of both Service and Joint advertising programs in generating additional quality enlistments. The study suggests that advertising is about as effective as adding recruiters to stimulate quality applications, and both are twice as effective as enlistment bonuses at expanding the recruiting market. Bonuses, on the other hand, are most effective at channeling recruits to hard-to-fill skills. The study concludes that a flexible mix of each of these resources is needed in order to respond effectively to rapidly changing market conditions. A copy of the RAND analysis is included in a recent report on Joint and Service-specific advertising we provided to the Congress.

The imposition by the Congress of restrictive advertising ceilings and fund reallocation constraints has hampered our ability to respond effectively to recent recruiting difficulties, and we look forward to working with this subcommittee to forge responsible yet responsive controls that permit us to manage recruiting activities as well as the state of the art permits.

The Montgomery GI Bill to provide post-high school educational benefits has now been in place for over three years, and Service members like it. Participation rates have steadily increased since the program's inception. The Army has almost an 84 percent participation rate, while the Department as a whole has about a 69 percent overall rate, through April. These participation rates are expected to increase as a result of the open period for eligible participants who initially declined enrollment. While many factors influence Service recruiting, it is clear that the Montgomery GI Bill is popular and has been effective in increasing the quality of the active components and the length of enlistment contracts for the reserve components.

Congressional Support Needed

Despite 15 years of success with the volunteer force, proposals abound to reinstitute the draft or develop a national military service program. Most are based on beliefs that alternative programs, when compared to today's volunteer force, would be cheaper, improve social representation of the force, produce a higher quality force, help meet military manpower requirements, or develop a sense of community obligation among youth. While few would argue against the goal of increasing the number of Americans who recognize their responsibilities as citizens by pursuing constructive ways to serve their country, there is no evidence of any improvement in the other areas of alleged problems.

We can all agree that our goal should be to sustain a force of the same quality and experience that we have today. Even though the costs vary depending on which alternative to the All-Volunteer Force is considered, every analysis shows that to sustain a force of the same quality and experience, conscription or national military service would be more costly than the current all volunteer system. Many of the national service proposals before the Congress would destroy the effectiveness of current programs designed to attract and distribute quality enlistments. By establishing lucrative alternatives for civilian service or shorter enlistments, they would reduce recruit quality, increase training costs, and adversely affect the productivity of military personnel. By providing increased levels of individual benefits, they would cause the number of assisted college students to decrease substantially or the cost of educational programs to increase substantially. Minority participation in the force would probably increase, not decrease, and federal budget costs would increase without increasing active or reserve accessions. Some of the proposals raise constitutional concerns that are being reviewed by the Department of Justice.

The Administration will forward to Congress, probably by early summer, its own youth service bill. That proposal was described by the Secretary of Energy, Admiral Watkins, on April 21, 1989, before the Senate Committee on Labor and Human Resources. The President's proposal will call for voluntary national service programs that are integrated into a young person's normal schedule and career path (as opposed to programs that require a set period of full-time service) and will not attempt to compensate young people for service with Federal dollars, out of the belief that service itself would be its own reward.

Because the volunteer force has proven to be highly effective, and because we have clearly demonstrated the ability to attract the number and quality of people we will need during the next decade, there is no need for either a peacetime draft or national service to satisfy military manpower requirements. There is, rather, a strong need to sustain our success by restoring the value of resources and incentives for recruiting and retention, maintaining the purchasing power and competitive appeal of military compensation, and sustaining political support for our armed forces. We request your support in doing this. We cannot afford to bid up the price for military manpower by setting up competitive forms of service that provide financial compensation, particularly during a period of high employment and a shrinking youth population.

Civilian Recruiting

In the past few years, a number of studies have been conducted, some internal to Defense, and more recently, government-wide, dealing with Federal civilian employment and personnel management systems. The conclusions of these studies are stated succinctly in the budget document, "Management of the United States Government, 1990," which says, "Future labor force projections indicate there will be insufficient numbers of skilled employees to fill the available jobs. This is particularly true for most of the Government's job categories . . . Confronted with the prospect of competing with the private sector for workers having necessary skill levels, Federal personnel policies and practices must also undergo significant adjustment." We are deeply concerned about the overall civil service personnel system and our future ability to recruit and retain high-quality civilians for DoD, particularly in scientific, engineering, and technical areas.

To overcome problems in civilian recruiting, we have formed a DoD task force to examine critically our future demand for scientific, engineering, and technical manpower versus labor market availability. We will examine initiatives that will ensure that DoD can recruit, train, and advance sufficient numbers of qualified civilians to meet our emerging technical and scientific needs. We will be looking particularly at tailoring specific strategies for reaching women, minorities, and disabled persons so that we can capitalize on the talents and energies of these groups, particularly those who have specialized in research and technology career fields. The Defense Science Board has expressed its support for this undertaking and plans to participate with us in the task force review.

IV. Training

Military Training

Training of military personnel and operational units has improved markedly during the 1980s, and we have held the line on those in the revised FYs 1990-1991 budget. The improved personnel situation has raised the quality and residual value of training.

The development of challenging, technologically advanced training facilities has made time spent in training more productive in terms of readiness. The maintenance of levels of operating tempo (OPTEMPO)--flying hours, steaming days, vehicle miles--has generally been adequate for carrying out essential training.

While experienced commanders are subjectively convinced that training and related readiness have improved, DoD needs to make more progress on objective measures to link training activity to readiness. As part of an all-encompassing effort to improve our ability to model the relationship between resources and capability and to develop better aggregate indicators of military capability and readiness, we have been engaged in a comprehensive research program to develop linkages between OPTEMPO and performance. The goal is to be able to provide more definitive answers to such questions as: if flying hours are increased (or decreased) by a certain percent, what is the effect on performance? This is a difficult analytical problem, but results to date indicate that performance continues to improve with OPTEMPOs beyond current average levels, thus tending to confirm that budgeted OPTEMPO levels should be seen more as the minimum rather than the optimum levels.

The FYs 1990-1991 revised budget continues to give training a high priority, even to the point of sacrificing other important programs. Most operating tempos in the President's budget are at the same levels in FYs 1990-1991 as in previous years; for example, about 25 flying hours per crew per month for Navy and Marine Corps tactical air-antisubmarine warfare aircrews and 19 hours for Air Force tactical pilots. Army ground OPTEMPO will fall somewhat below the level programmed for FY 1989 but will be about the same as it was in FY 1987 and higher than in 1988. Ship steaming days for the Navy will also remain level.

Civilian Training

While directing the DoD implementation of an OPM-sponsored, Government-wide training program, DoD reviewed leadership training opportunities throughout the Department and noted that the military side of DoD created a greater link between career advancement and training than did the civilian sector. In comparison to the diversity of leadership training opportunities for mid-level military officers, civilian employees had little exposure to training in leadership. Additionally, although there is a trend toward greater civilianization of the DoD total force, little opportunity exists for more than a few civilians to be trained in the military schools. The review also illuminated a dearth of women in the executive ranks of the DoD civil service. To overcome these problems, we initiated in October 1985 the DoD Executive Leadership Demonstration Program (ELDP) on a trial basis. Since then, two complete cycles of the program have been completed with 132 graduates--117 civilians and 15 military--and a third is underway. This program is a unique developmental opportunity, providing broad, DoD-wide managerial perspectives not available elsewhere. After careful evaluation, we decided to establish ELDP on a permanent basis. Its focus on the joint arena complements our current efforts to develop strong, Department-wide perspectives and leadership skills.

Congressional Support Needed

We believe that training is truly the most cost-effective force multiplier. To realize the potential combat capability of our forces, it is essential that Congress continue to provide the funding required for effective training. Until and unless we can clearly demonstrate improvements in readiness from other approaches, we need to maintain the minimum OPTEMPO levels for which we have budgeted.

V. Utilization of Manpower Resources

We have devoted considerable effort in the past few years to solving problems discovered in use of certain of our manpower resources: women, joint officers, and civilians.

DoD Task Force on Women in the Military. The Secretary of Defense has received negative reports from the Defense Advisory Committee on Women in the Services (DACOWITS) concerning the treatment of some of our women at various overseas locations that DACOWITS has visited during the past two years. As a result of the 1987 DACOWITS report, the Secretary established a special task force and charged it with looking into attitudes toward women in the military, career development, and the application by each Service of the law excluding women from combat.

During 1988, the Department implemented many recommendations of the DoD Task Force on Women in the Military, and we remain committed to expanded and enhanced career opportunities and career development for women. In keeping with the policy that women are to be used in all roles except those explicitly prohibited by law, and interpreting the law to allow as many career opportunities as possible to be kept open, the Department adopted a new "risk rule" to help assess which positions should be open and which should be closed. Using the risk rule, the Military Departments reviewed positions closed to women and opened more than 24,000 additional positions. Additionally, the Department implemented Task Force recommendations on the elimination of sexual harassment through aggressive leadership initiatives, improved education and training, and responsive complaint systems. We are conducting a survey on sexual harassment and will use the results to guide our continuing efforts to prevent such harassment.

Joint Officer Management. Title IV of the DoD Reorganization Act of 1986 imposed stringent requirements on DoD concerning management of officers in joint organizations. We continue to make progress in improving the education, training, and experience of joint officers, but we also continue to encounter personnel management obstacles in Title IV implementation.

Our actions in implementing the provision of the Goldwater/Nichols Reorganization Act relating to joint management have included publishing a number of policy memorandums pending issuance of DoD directives, publishing an updated Joint Duty Assignment List, implementing a new joint assignment management information system, and conducting an extensive review and modification of the joint education system. The FY 1989 DoD Authorization Act contained important amendments to the joint officer management provisions of the Goldwater-Nichols Act that have significantly enhanced the Department's ability to implement those provisions. Reduced tour lengths, grandfathering provisions, and the extended transition period have been particularly helpful.

Flexible Alternatives to the Federal Civilian Personnel System. In 1986, the Packard Commission expressed concern over the problems they found in our recruiting and retention of civilians and in our ability to provide incentives for high-quality scientific, engineering, and acquisition personnel. The China Lake Demonstration Project on pay banding, started in 1980, had earlier paved the way in our efforts to work with the Congress on personnel system reform.

We remain deeply concerned that the current civil service personnel system may prove inadequate to the recruiting and retention of high-quality professional and technical civilians. We are convinced that there must be a more efficient and flexible way to determine how jobs are valued and how individuals are paid. We strongly supported the OPM-sponsored Alternative Personnel Management System legislation in 1987. Last year, we sought expanded authority to test alternative employment and compensation systems in Defense and NASA. Neither of these initiatives have been passed, but the ongoing Defense Management Review will recommend several steps to the President.

VI. Retention

Officer and Enlisted Retention

Overall, the Department has continued to be successful in retaining a high-quality officer and enlisted force. However, projected officer shortages of pilots, nuclear officers, and medical personnel as well as in certain mission-critical enlisted personnel will require continued attention. The officer retention issues are addressed under specialty categories separately, but let me make a general observation about enlisted retention.

Overall enlisted retention rates remain satisfactory but most are now several percentage points below the FYs 1982-1984 peaks. Losses among high-demand or arduous skill specialties call for judicious application of scarce incentive bonus resources, and sustaining compensation and quality of life incentives will be essential to forestall continuation of recent downward trends.

As we enter a period of stiffer competition with the private sector for a smaller population of candidates, we must be especially sensitive to retention. Maintenance of incentive programs will be vital to the proper mix of officer and enlisted experience and skills.

We need to maintain the purchasing power and competitive appeal of military compensation and do all we can to ensure quality of life for our personnel. Our efforts to do so are detailed below.

Retention Tools/Military Compensation

Competitive compensation is the central ingredient in the Department's ability to attract and retain the people we need. For the current fiscal year, we did well in the compensation area. We deeply appreciate this subcommittee's continued support for the pay raise in FY 1989. The challenge for us in FY 1990 and beyond is to maintain our competitive position in tight budget and employment environments.

Military Pay Raise. In FY 1989, for the first time in seven years, military members received a pay raise greater than wage growth in the private sector. The military raise of 4.3 percent exceeded the 3.5 percent raise in the private sector, as measured by the Employment Cost Index (ECI), and reduced the difference between private sector pay increases and military pay increases that had occurred since FY 1982. Nevertheless, there is still a considerable pay gap of 10.1 percent.

The Department is requesting a 3.6 percent military pay raise in FY 1990. This increase is less than we would have preferred. We had originally planned for a 4.6 percent raise, which would have slightly exceeded projected private sector wage growth of 4.3 percent and reduced the gap even further. However, because of budget considerations, we have had to reduce our request to 3.6 percent. Combined with the lowest unemployment rate in 14 years, this action increases the risk that the healthy recruiting and retention experience of the past several years may deteriorate.

Bonuses. The enlistment and selective reenlistment bonus programs are two of the most effective tools we have available to the Department in meeting recruiting and retention requirements. They are particularly important in helping us fill high-skill, mission-critical specialties. They also provide important flexibility to retarget resources quickly to accommodate changing forces in the manpower marketplace.

Enlistment bonuses have proven to be highly effective incentives for attracting top-quality enlistees to the skills in which they are most needed. They are paid only to high school graduates who test in the upper half of their peer group and who agree to serve at least one year beyond the normal enlistment period. The bonus is paid only after completion of initial skill training.

Selective reenlistment bonuses are paid to members who reenlist or extend for at least three years in designated critical skills. These bonuses enable the Services to protect their extensive training investments in highly skilled and experienced personnel, and to avoid the substantial accession, training, and readiness costs associated with replacement of seasoned professionals with new recruits. When annual pay raises lag behind private sector comparability levels, as they have in several recent years, the reenlistment bonus program becomes doubly important for enabling the Services to sustain adequate retention levels in the skills most important to the accomplishment of their missions.

As important as these programs are, they have not been exempted from the constraints of fiscal reality. Bonus expenditures for FY 1988 were below those for FY 1987 and considerably below those of FY 1986, and this program will continue at relatively austere levels in FYs 1989 and 1990. While both the Congress and the Department have exercised difficult judgments in reducing bonus funding, it is important that we candidly acknowledge the very real risks entailed. Bonus programs are our safety net to protect against manpower shortfalls in our most important skills. Any reductions beyond those now programmed may increase these substantial risks by limiting our ability to maintain mission-critical skills and to react in the event of a retention downturn. We ask for your strong support of these cost-effective programs.

Monetary incentives will be particularly important in retaining aviators. Airline hires have reached record levels, and military-experienced pilots constitute about half of the airline hires. They are preferred by the industry because of their professional attributes, especially their experience in heavy fixed wing aircraft. During the next decade, hiring levels are expected to be nearly three times what they were in the 1970s. The strong inverse relationship between airline hiring and retention and the increasing hiring tempo within the industry signal a growing problem in aviator retention. The problem will be especially pronounced in the Air Force and the Navy, because of their substantial numbers of fixed wing pilots completing initial obligations each year.

It is difficult to offset unanticipated pilot shortfalls with more training because training is both expensive (jet pilots take about two years to train at $1 million each) and constrained by available training equipment. This creates an even more compelling demand for retaining those aviators now serving. By the end of this fiscal year, we project that the Navy will be short about 1,500 pilots. The Air Force is also short several hundred. The problem will grow more severe each year--more rapidly in the Air Force--as the better earning opportunities offered by the airlines continue to take their toll in retention.

The shortage of experienced nuclear-trained officers in the grades of lieutenant through captain continues to be a critical manning problem in Navy. For FY 1990, the Navy projects an inventory shortfall of 28 percent compared to requirements for officers in these grades. One of the initiatives undertaken to address this shortfall has been an increase in the Continuation Pay, or COPAY, provision of the Nuclear Officer Incentive Pay program enacted in FY 1986. Current statute authorizes COPAY payments of up to $12,000 per year for officers remaining on active duty for three, four, or five years after completion of their initial obligation. Initially, the Navy employed a COPAY rate of $9,000 per year but raised the rate to $10,000 in FY 1988. This action, in conjunction with a 35 percent increase in submarine pay provided in the FY 1988 Authorization Act, has helped increase the retention rate among submarine officers from 39 percent in FY 1987 to 45 percent in FY 1988.

The long-term nature of the nuclear-trained officer shortage continue to require the temporary spot promotion of some exceptional lieutenants to fill certain essential lieutenant commander engineering billets. This program is a no-cost management tool that is used only when needed. All promotions occur within statutory grade ceilings. Authority for this important program expires on September 30, 1989, and the Department is seeking your support for legislation to make permanent this spot promotion authority as part of the FYs 1990/1991 Authorization Bill.

Health care professionals, particularly physicians, are among the highest paid professionals in both civilian life and military service. Nonetheless, shortages remain in certain specialties, especially surgical, where the compensation we offer lags most behind compensation found in the economy. Most of these surgical specialties are part of the wartime critical list; we remain relatively better off in peacetime specialties devoted to family, pediatric, and geriatric care. The Congress foresaw this growing problem and authorized for FY 1989 a temporary, one-time bonus of up to $20,000 per year for a multi-year extension of up to four years. The Department has sent the Congress a report detailing how this bonus would be administered. In addition, the Department submitted a report that addressed the long-term compensation problem, and is preparing additional data requested by the Congress. The draft legislation contained in that report is now being staffed within the Executive Branch.

Allowances. After two years of budget constraint, we appreciate the funding increase approved by Congress for the Variable Housing Allowance (VHA) program in FY 1989. As intended under the law, this increased funding enabled us to provide VHA rate increases in those areas where members are experiencing the greatest housing cost growth. However, a funding ceiling was again imposed on the VHA program in FY 1989. The ultimate cost of VHA in any particular year is determined by the average number of VHA recipients over the entire fiscal year, by grade and dependency status, in each of the over 350 different military housing areas. Because we cannot estimate each of these factors with pinpoint accuracy, complying with a funding ceiling means we must take one of two undesirable approaches in setting the rates: we either build in a large safety factor to ensure that we do not exceed the ceiling, or we set rates based on our best estimate and run the risk of having to reduce the rates later. We understand the desire to control VHA program costs, but this is already accomplished by a provision in law that prevents VHA rates from increasing in any year by more than housing cost growth in the Consumer Price Index. For FY 1990, we are asking for a 3.6 percent rate increase, and we are hopeful that Congress will not impose a ceiling.

The Overseas Housing Allowance program is operating well. This allowance, along with the Cost of Living Allowance, is being adjusted, as needed, for cost changes and currency fluctuation. The problem in the overseas allowances program, which has existed for some time, is a funding shortfall created because the Foreign Currency Fluctuations account cannot be used for Military Personnel costs. The Congress has continued to deny our request to use this account for this purpose.

We appreciate Congressional approval of the increase in household goods weight allowances. This increase will reduce the out-of-pocket expenses many members incur when making a permanent change of station move. We are conducting a survey to collect data on expenses members incur when moving. The results of this survey will enable us to identify areas where additional improvement is needed.

Retention Tools/Quality of Life

In addition to its commitment to adequate compensation and benefit levels, the Department is fully committed to supporting initiatives that contribute to the well-being of DoD personnel and their families. Initiatives in this area include morale, welfare, and recreation programs; family support services; and dependent education.

Morale, Welfare, and Recreation. The DoD Morale, Welfare, and Recreation (MWR) program is a major contributor to community life on military installations. Libraries; sports and athletic programs; military exchanges; open messes (clubs); child care and youth activities; theater; crafts; and a wide variety of other social, resale, recreational, and developmental activities serve approximately 12 million patrons and participants. They generate over $10 billion in sales, employ 220,000 people, and account for about $4.2 billion in program cost, exclusive of cost of goods sold. Over $3 billion is funded by nonappropriated funds; the remainder is provided through appropriated fund support.

For the past three years, the Congress has directed cuts in appropriated fund support; and for FY 1989, the Congress enacted a statutory ceiling of $1.163 billion. These cuts have been targeted at revenue-producing activities--clubs, bowling centers, golf courses, marinas, etc.--that might be operated largely with patron fees. The Congress will permit greater appropriated fund support for these activities only if they are located on installations designated as remote or isolated. My office sent a list of remote or isolated bases to the Congress for its review. We have received the Congressionally approved list, and we are providing guidance to the Services and changing the appropriate directives. All DoD components have taken measures to operate MWR programs within legislative caps and to make revenue-generating activities more reliant on their own incomes, derived from patron fees and charges.

Family Support. On December 30, Deputy Secretary Taft signed the first Department directive on family policy. This document directs the Military Departments to establish comprehensive family support systems and emphasizes the importance of collaboration and coordination to maximize the use of scarce resources.

One of our greatest family support challenges is to meet the needs of our personnel for quality child care at affordable prices. With our increased numbers of dual career and single military parents, it is essential that we ensure that child care is available. This is an important readiness issue. We estimate that we currently accommodate 129,000 children in either family home or center-based child care and that we have a need for 81,000 additional spaces for children of military parents alone. We need your continued support for child care center construction to replace inadequate, unsafe facilities and to build new ones to help meet our substantial need. The Department will continue to encourage home day care programs and will pursue other initiatives such as private financing and GSA leasing of space to meet our military child care needs. We also are concerned about the quality and safety of our child care programs, and we are issuing a DoD instruction that establishes standards for child care being provided in DoD activities.

In other family support areas, we also have implemented a test program for reimbursement of adoption expenses. We have continued to improve our support to Service family advocacy programs and have established a DoD Family Advocacy Command Assistance Team that will support installation efforts to resolve alleged instances of child sexual abuse occurring in DoD-sanctioned activities. Finally, we will complete the evaluation of the Congressionally directed contract relocation assistance test this summer and use the results of this evaluation to formulate policy recommendations that will shape relocation policies and management of relocation assistance by the Services.

Military Spousal Preference. Section 806 of the Department of Defense Authorization Act of 1986 recognized that reasonable employment opportunities for military spouses enhanced the well-being of the military family and contributed to maintaining a healthy military family life style. It provided for employment preference for best qualified military spouses for a wide range of both appropriated and nonappropriated fund DoD positions throughout the world. Since implementation of the spousal hire preferences in 1986, the Department has continued to refine and expand its policies to enhance spousal employment. In January of 1989, DoD published a consolidated and revised spouse preference policy, and the program now provides for the use of the DoD Priority Placement Program for spouse registration and referral for many appropriated fund positions in the U.S.

We are extremely proud of our efforts to date. Since 1986, we have placed over 27,000 military spouses into a variety of appropriated and nonappropriated fund jobs under the preference program. All told, there are over 60,000 military spouses working in civil service jobs for the Department of Defense. We will continue to review and refine the program in an effort to provide maximum assistance to our military spouses and their families, while ensuring that our civilian workforce quality is maintained.

Department of Defense Dependents Schools. Over the past eight years the student population in our overseas schools has grown dramatically (from under 130,000 to more than 155,000, or nearly 20 percent). This growth has called for both flexibility and responsiveness on the part of all charged with responsibility for these schools.

Our major priority for DoDDS has been to improve communication among parents, school officials, and commanders. DoDDS has implemented a major initiative to improve communication throughout the DoDDS system.

We are proud of the quality education our dependents receive. DoDDS students' scores on tests in basic skills such as reading, language arts, mathematics, science, and social studies have been above the national norm for the past five years. In addition, DoDDS students have consistently performed at or above the national average on college entrance examinations for the past ten years, and their scores have compared favorably with scores in states that have tested comparable percentages (50 percent) of students.

Congressional Support Needed

We need your support in preserving the compensation and quality of life programs detailed above. They are vital to retaining the kind of people we need to carry out our mission successfully.

VII. Conclusion

Mr. Chairman, we have made great strides in the manpower area in the last seven years, and this subcommittee has been instrumental in the improvements made in personnel quality and readiness. In this year of reduced budgets, the manpower and personnel concerns of the Defense Department will be particularly vulnerable and will present great challenges both to the Department and to the Congress. I ask for your help in ensuring that the significant progress that has been made not be undone. Our continued success depends on your support for adequate recruiting resources and incentives, compensation, and quality of life for our Defense family.

We have devoted a great deal of attention to improving our ability to determine the appropriate mix of personnel and to validate our requirements for these personnel. We pledge to continue to concentrate on these efforts, so that, with your support, we can strengthen our ability to manage this most critical of all our defense resources.

Senator **Glenn**. Thank you very much, and we will have the other statements I guess in the order of seniority. General Ono, would you lead off, please?

STATEMENT OF LT. GEN. ALLEN K. ONO, U.S. ARMY, DEPUTY CHIEF OF STAFF FOR PERSONNEL

General **Ono**. Mr. Chairman, good afternoon. I have the honor of representing the Army at this important hearing and over the past 10 years we have markedly improved the quality of the Army. I guess we had the longest and the farthest do go when it came to quality, because we have the largest force that we recruit each year. And on top of that, in the streets where youngsters make their decisions, the Army is the least popular among the services.

But the quality that we grew to, with your help, has enabled us to accomplish more complex missions, train to higher standards——

Senator **Glenn**. Pull that mike over in front of you if you would there, so everyone can hear. Thank you.

General **Ono** [continuing]. Equip our Army with the most modern equipment, and to continue to develop outstanding leaders. In short, the quality that the Army achieved gives us the flexibility which is so essential for our small Army to meet its global commitments.

Our amended budget maintains that quality within the force as a matter of top priority. Secretary Cheney has emphasized that there is an interrelationship between combat readiness and quality personnel. We have long held this very principle, the principle that directly links quality soldiers to combat effectiveness.

I would like to highlight some of the personnel considerations that are in our budget. First, our budget supports recruiting—recruiting of a quality force with enhanced funding for the Army College Fund, for advertising, and for other needed recruiting tools.

Our budget supports retention—retention, again, of quality soldiers with strong reenlistment and quality of life programs for both our soldiers and families. It supports combat effectiveness and readiness by fully manning our smaller Army through the years and avoiding three troublesome actions in fiscal year 1990. The three are no early outs, no promotion slowdown, no PCS freeze.

In the past we have used these steps to meet budgetary limitations but they are not in our plans for fiscal year 1990. Fiscal year 1990 will be a challenging year for us, and we have concerns, and I would like to address just one. Just as you said, the demographic trends in our recruiting market show a shrinking population of young adults. The economy is strong and offers young Americans great job opportunities.

The Army recruiting budget has been cut over recent years, victim of our past successes. The result is a downturn in recruiting that has spanned the past 28 consecutive months. In the past 28 months we have been unable to recruit bright, high school male graduates at the same rate as the previous years. This situation led to a dramatic increase of Category 4 accessions to 11 percent in the first half of this year.

The Army needs your help. We need enhancements to our Army College Fund and to recruiting advertising to maintain a quality force of bright, disciplined, and ready soldiers.

Thank you, Mr. Chairman. I am ready for your questions.

[The statement of General Ono follows:]

STATEMENT BY

LIEUTENANT GENERAL ALLEN K. ONO

DEPUTY CHIEF OF STAFF FOR PERSONNEL

U.S. ARMY

INTRODUCTION

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE:

I APPRECIATE THE PRIVILEGE TO APPEAR BEFORE THE COMMITTEE TO TALK ABOUT THOSE PROGRAMS THAT ARE CRITICAL TO OUR QUALITY ARMY TODAY AND TO EXPLAIN OUR PRIORITIES FOR FISCAL YEARS 90 AND 91 AND IN THE FUTURE.

THE U. S. ARMY IS A STRATEGIC FORCE, WHICH PLAYS A UNIQUE AND IRREPLACEABLE ROLE IN SECURING THE COMMON DEFENSE. TODAY'S ARMY IS TRAINED AND READY, CONSISTING OF THE HIGHEST QUALITY SOLDIERS IN ITS HISTORY. THIS QUALITY GIVES US THE FLEXIBILITY ESSENTIAL FOR OUR SMALL ARMY TO MEET ITS WORLDWIDE COMMITMENTS. THIS QUALITY ENABLES US TO ACCOMPLISH MORE COMPLEX MISSIONS, TRAIN TO HIGHER STANDARDS, EQUIP OURSELVES WITH MORE MODERN AND SOPHISTICATED EQUIPMENT AND TO CONTINUE TO DEVELOP OUTSTANDING LEADERS. THE QUALITY SOLDIERS WE HAVE TODAY ARE PRIME CONTRIBUTORS TO OUR HIGH LEVELS OF READINESS. WE BELIEVE THAT QUALITY SOLDIERS AND ARMY READINESS ARE INSEPARABLE.

HOWEVER, THIS QUALITY IS VERY PERISHABLE. TO MAINTAIN OUR SUCCESSES AND TO CORRECT SHORTCOMINGS WE NEED CAREFUL PLANNING AND STABLE FUNDING FOR THE FUTURE. TODAY, WE HAVE BEEN GIVEN A SIGNIFICANT CHALLENGE -- TO MAINTAIN A FORCE CONSISTING OF QUALITY SOLDIERS, WITH QUALITY LEADERS, AND QUALITY EQUIPMENT.

THIS CAN ONLY BE DONE BY PROVIDING THE NECESSARY PROGRAMS AND INCENTIVES TO ATTRACT AND THEN RETAIN QUALITY SOLDIERS.

THE AMENDED BUDGET SUBMITTED TO YOU HAS BEEN DEVELOPED TO ENSURE THAT THE ARMY CAN CONTINUE TO ACCOMPLISH ITS MISSION. THIS BUDGET REQUEST FOCUSES ON PROVIDING THE TRAINED AND READY FORCE NEEDED TO IMPLEMENT OUR NATIONAL SECURITY STRATEGY AROUND THE WORLD. IT PROVIDES NEEDED RESOURCES TO ATTRACT AND RETAIN HIGH QUALITY SOLDIERS, AND PROVIDE ADEQUATE QUALITY OF LIFE AND FAMILY PROGRAMS FOR THEM. IT SEEKS ADDITIONAL FUNDS TO RETURN TO AN ACCEPTABLE LEVEL THE RESOURCES AND INCENTIVES NEEDED TO ATTRACT AND RETAIN THESE SOLDIERS. IT WAS DEVELOPED TO MINIMIZE THE IMPACT ON SOLDIERS AND THEIR CAREERS.

THE PILLARS OF PERSONNEL CONSIDERATIONS ON WHICH THIS BUDGET IS BUILT ARE:

- NO EARLY OUTS
- NO PROMOTION SLOW DOWNS
- NO FREEZE ON PERMANENT CHANGES OF STATION (PCS)

QUALITY ARMY

LET ME AGAIN EMPHASIZE THAT TODAY'S ARMY IS GREAT -- STRONG AND CAPABLE. OUR SOLDIERS ARE BETTER EDUCATED, BETTER EQUIPPED AND BETTER TRAINED. WE HAVE EXPERIENCED A REVOLUTION IN THE QUALITY OF OUR FORCE IN THE LAST DECADE. SOLDIERS STAY LONGER, LEARN FASTER, ARE MORE RESPONSIVE TO LEADERSHIP. THEY ARE MORE CREATIVE, EFFICIENT AND PRODUCTIVE. INDISCIPLINE RATES ARE DOWN SIGNIFICANTLY FROM THE 1970's AND EARLY 1980's.

OUR EXPERIENCE SHOWS THAT QUALITY SOLDIERS ARE A WISE INVESTMENT. WHILE IT COSTS SLIGHTLY MORE PER SOLDIER TO RECRUIT THIS QUALITY FORCE, WE SAVE DOLLARS THROUGH INCREASED RETENTION AND REDUCED ATTRITION -- THEREBY DECREASING THE TOTAL NUMBER OF NEW RECRUITS REQUIRED EACH YEAR.

TODAY WE ARE SEEING DISTURBING TRENDS IN OUR ABILITY TO CONTINUE TO RECRUIT QUALITY SOLDIERS. WE ARE CURRENTLY FACING THE MOST DIFFICULT RECRUITING ENVIRONMENT SINCE THE 1978-1979 TIMEFRAME. OUR ABILITY TO RECRUIT QUALITY SOLDIERS IS BECOMING MORE DIFFICULT EACH YEAR. THE POPULATION OF 17 - 21 YEAR OLDS IS SIGNIFICANTLY DOWN, A TREND THAT WILL CONTINUE UNTIL THE EARLY 1990'S. CONCURRENTLY, YOUTH UNEMPLOYMENT IS AT ITS LOWEST LEVEL IN 15 YEARS. THE YOUTH WAGE INDEX HAS RISEN FOR THE FIRST TIME IN YEARS.

FISCAL YEAR 1988 WAS NOT A GOOD YEAR FOR RECRUITING. THE DOWN TREND CONTINUES IN FISCAL YEAR 1989. OUR ABILITY TO RECRUIT QUALITY HIGH SCHOOL GRADUATES AND SENIORS HAS DECLINED FOR 28 STRAIGHT MONTHS. WE NEED HELP. SINCE FISCAL YEAR 86 ACTIVE COMPONENT ADVERTISING DOLLARS HAVE GONE DOWN 28 PERCENT, ENLISTMENT BONUS FUNDS BY 66 PERCENT, AND ARMY COLLEGE FUND DOLLARS BY 54 PERCENT. THIS IS BASED ON A FOUR PERCENT INFLATION RATE. TWO-YEAR ARMY COLLEGE FUND CONTRACTS HAVE DECLINED 65 PERCENT.

THE IMPACT OF THESE REDUCTIONS REVEALED THEMSELVES DURING THE FIRST HALF OF THIS FISCAL YEAR, 1989. THE NUMBER OF MENTAL CATEGORY IV ACCESSIONS ROSE TO 11 PERCENT. WE ASK FOR THE RESTORATION OF RECRUITING RESOURCES. IN PARTICULAR, THE ARMY MUST BE ABLE TO PLACE A WEDGE IN ITS RECRUITING ACCOUNTS IN ORDER TO STEM THIS RECENT DOWNTURN. WE NEED AN INCREASE IN ADVERTISING DOLLARS, THE SIZE OF THE ARMY COLLEGE FUND KICKERS, AND THE ENLISTMENT BONUSES. WE MUST BE ABLE TO TRANSFER RECRUITERS TO RESPOND TO MARKET CHANGES. THE BOTTOM LINE IS THAT WE NEED THE RESOURCES AND INCENTIVES TO HELP US CONTINUE TO RECRUIT QUALITY SOLDIERS.

ARMY NATIONAL GUARD AND RESERVE RECRUITING MISSIONS ARE ALSO AT RISK. THEY TOO NEED CONTINUED FUNDING OF INCENTIVE PROGRAMS AND AGR RECRUITERS. BECAUSE OF THE INCREASED COMPETITION FROM THE CIVILIAN SECTOR, SUSTAINING INCENTIVES ARE CRITICAL. WITH A LARGER PORTION OF THE ARMY'S COMBAT SERVICE AND COMBAT SERVICE SUPPORT MISSION BEING ABSORBED BY THE RESERVES, IT BECOMES CRITICAL THAT WE ENSURE THAT THEY TOO ACCESS AND RETAIN QUALITY SOLDIERS.

WE ALSO NEED YOUR HELP TO RETAIN QUALITY SOLDIERS. HISTORICALLY 32 TO 34 PERCENT OF FIRST TERM SOLDIERS HAVE SHOWN A PROPENSITY TO REENLIST. HOWEVER, WE NEED TO RETAIN ABOUT 40 PERCENT IN ORDER TO MAINTAIN THE LEVEL OF QUALITY NEEDED IN OUR MID-TERM AND CAREER FORCE. IT IS IMPORTANT TO BE ABLE TO PROVIDE BOTH MONETARY AND NON-MONETARY INCENTIVES SO THAT WE CAN MEET THESE RETENTION GOALS. FOR EACH QUALITY SOLDIER RETAINED ONE LESS QUALITY RECRUIT MUST BE ACCESSED. THE SHRINKING POOL OF YOUNG MALES AND FEMALES MAKES RETENTION CRITICAL. WE MUST BE ABLE TO TARGET SELECTIVE REENLISTMENT BONUSES AGAINST CRITICAL MILITARY OCCUPATIONAL SPECIALTIES. SOLDIERS DESERVE DECENT LIVING WAGES, ONE COMPETITIVE WITH THE CIVILIAN SECTOR. THOSE WHO DEMONSTRATE POTENTIAL TO SERVE AT HIGHER LEVELS MUST BE PROMOTED. WE ALSO MUST REMEMBER THAT FAMILIES MAKE RETENTION DECISIONS; THEREFORE, PROGRAMS WHICH SUPPORT OUR FAMILIES ARE KEY TO RETENTION OF THE QUALITY FORCE AND READINESS.

MILITARY PERSONNEL MANAGEMENT PROGRAMS

IT IS ALSO IMPORTANT THAT THE ARMY IS GIVEN THE TOOLS TO PROPERLY MANAGE OUR ARMY.

FORCE STRUCTURE REDUCTIONS:

THE ARMY PLAN TO REDUCE END STRENGTH BY 7,900 PERSONNEL IS BEING FINALIZED. FORCE STRENGTH CUTS FOR FY90 WILL INCLUDE 917 IN EUROPE AND 3,312 IN THE U.S. THE LATTER BEING ACCOMPLISHED BY THE DEACTIVATION OF ONE BRIGADE FROM FT. CARSON AND ITS TRANSFER INTO THE RESERVE COMPONENTS. AN ADDITIONAL 4,867 STRENGTH WILL BE TAKEN OUT OF THE TRAINEE ACCOUNT FOR FY 90. IN FY 91 EUROPE WILL LOSE AN ADDITIONAL 2,564 SPACES AND CONUS 169.

THE ARMY PLANS TO ACCOMPLISH ITS ENLISTED FORCE REDUCTIONS BY CURTAILING ACCESSIONS. WE ESTIMATE THAT APPROXIMATELY 4,000 ACCESSIONS CAN BE TAKEN OUT OF THE FY 89 PROGRAM WITH THE REMAINING CUT TAKEN FROM FY 90 ACCESSIONS. THEREFORE, WE WILL TAKE THE STRENGTH CUTS BEFORE THE FORCE STRUCTURE CUTS ARE REQUIRED.

CURRENT PROVISIONS OF DOPMA DO NOT ALLOW A SUFFICIENT PORTION OF THE REDUCTIONS TO BE TAKEN FROM THE FIELD GRADES TO MEET THE NEEDS OF THE ARMY. THEREFORE, THE ARMY WILL ACCOMPLISH ITS REQUIRED OFFICER END STRENGTH REDUCTIONS BY REDUCING ACCESSIONS, INVOLUNTARY EARLY RETIREMENTS AND ADDITIONAL FORCED LOSSES. UNFORTUNATELY, THESE ADDITIONAL CUTS COME ON THE HEELS OF OTHER DIRECTED OFFICER MANAGEMENT CHANGES WHICH HAVE REQUIRED FIELD GRADE SELECTIVE EARLY RETIREMENTS AND OFFICER ACCESSIONS BELOW THAT NEEDED TO SUSTAIN THE FORCE. THESE CHANGES HAVE INCREASED TIMES TO PROMOTION AND LOWERED SELECTION RATES FOR LIEUTENANT COLONEL AND COLONEL. THESE CHANGES EXACERBATE OUR ABILITY TO EFFECTIVELY MANAGE OUR OFFICER

CORPS AND PROVIDE IT WITH REASONABLE CAREER STABILITY AND SECURITY.

IT IS TIME TO CONSIDER CHANGING SOME OF THE PROVISIONS IN DOPMA, SO THAT THE SERVICES CAN BETTER MANAGE THEIR OFFICER CORPS.

OTHER PERSONNEL MANAGEMENT ISSUES:

SIMILARLY, THERE IS A REAL NEED WITHIN THE RESERVE COMPONENTS FOR LEGISLATION THAT WOULD PROVIDE AUTHORITY SIMILAR TO THAT PROVIDED BY DOPMA TO THE ACTIVE FORCE BY WHICH TO MANAGE THE RESERVE OFFICER FORCE. THE RESERVE OFFICER PERSONNEL MANAGEMENT ACT WOULD PROVIDE THOSE MANAGEMENT TOOLS. IT MORE CLOSELY ALIGNS RESERVE AND ACTIVE OFFICER PERSONNEL MANAGEMENT, CREATING A "TOTAL ARMY" OFFICER MANAGEMENT PROCESS. IT CONTRIBUTES TO READINESS FOR MOBILIZATION AND UNIFIES PERSONNEL MANAGEMENT FOR RESERVE OFFICERS OF ALL SERVICES. IT PROVIDES FOR SELECTIVE CONTINUATION AND SELECTIVE EARLY RETIREMENT, FLEXIBLE ZONES FOR PROMOTION CONSIDERATION, AND PROVIDES FLEXIBILITY FOR CHANGING OFFICER REQUIREMENTS. IT PROVIDES A BALANCE BETWEEN MANAGEMENT OBJECTIVES AND EQUITABLE TREATMENT OF INDIVIDUAL CAREER EXPECTATIONS.

ANOTHER AREA THAT REQUIRES REVITALIZATION IS MANAGEMENT OF WARRANT OFFICERS. WARRANT OFFICERS ARE LEAVING THE SERVICE TOO EARLY, CAUSING US TO FALL SHORT OF REQUIREMENTS FOR SENIOR TECHNICAL EXPERTISE. WE MUST ENSURE THAT WE ARE PROPERLY ACCESSING, TRAINING AND PROMOTING OUR WARRANTS AGAINST FUTURE NEEDS. WE HAVE FOUND THAT AFTER 20 YEARS OF SERVICE, OVER HALF OF OUR WARRANTS MOVE ON TO THE PRIVATE SECTOR. MOST ARE BEING DRAWN BY LUCRATIVE JOBS. WE MUST STEM THIS EXODUS. WE WILL BE PROPOSING LEGISLATION TO ALIGN THE WARRANT OFFICER AND OFFICER

MANAGEMENT SYSTEMS. THIS LEGISLATION WOULD INCLUDE INCENTIVES WHICH WE FEEL WILL ENCOURAGE MORE WARRANT OFFICERS TO STAY BEYOND 20 YEARS OF SERVICE.

OUR GOAL IS TO HAVE AN ARMY MANNED WITH QUALITY SOLDIERS, EQUIPPED WITH QUALITY EQUIPMENT AND FULLY TRAINED FOR ITS PRIMARY MISSION. THE PROGRAMS I HAVE JUST MENTIONED ARE ESSENTIAL FOR THE ARMY TO ACCOMPLISH THIS GOAL.

QUALITY OF LIFE

THE ARMY'S QUALITY OF LIFE PROGRAM IS ANOTHER ESSENTIAL ELEMENT THAT HAS A DIRECT IMPACT ON THE QUALITY OF THE ARMY AND ITS ABILITY TO ACCOMPLISH THE MISSION. TODAY'S ARMY IS A MARRIED ARMY. OVER 74 PERCENT OF THE OFFICERS AND 53 PERCENT OF THE ENLISTED FORCE IS MARRIED. WE HAVE OVER 43 THOUSAND SINGLE PARENTS AND 37 THOUSAND DUAL MILITARY FAMILIES. THERE ARE OVER 397 THOUSAND SPOUSES AND ABOUT 600 THOUSAND CHILDREN. THIS IS A MAJOR CHANGE FROM THE ARMY OF THE 50'S WHICH WAS ONLY 29 PERCENT MARRIED. WITH THIS CHANGE COME SIGNIFICANT CHALLENGES FOR THE ARMY AND THE COMMANDERS IN THE FIELD.

I AM OFTEN ASKED: "WHY DOES THE ARMY CARE?" THE ANSWER IS THAT IN TODAY'S ARMY THE DECISION TO REMAIN IS A FAMILY DECISION, MADE ON THE BASIS OF THE LEVEL OF SATISFACTION WITH THE MILITARY FELT BY ALL OF THE FAMILY MEMBERS. OUR SURVEYS HAVE SHOWN THE DECISIVE IMPACT OF FAMILIES AND THEIR PERCEIVED WELL BEING ON THE ABILITY OF SOLDIERS TO PERFORM AND THEIR DECISION TO MAKE THE ARMY A CAREER. THEREFORE, IT IS IMPORTANT THAT WE PROVIDE SOLDIERS AND THEIR FAMILIES THOSE SERVICES WHICH THEY WOULD OTHERWISE EXPECT TO RECEIVE IF THEY WERE MEMBERS OF THE CIVILIAN COMMUNITY. ARMY FAMILIES DO NOT ASK FOR CHARITY -- JUST THE

ACCESS TO SUPPORT SERVICES SIMILAR TO THOSE BEING AFFORDED TO OUR CIVILIAN COUNTERPARTS.

IF WE ARE TO RETAIN THOSE QUALITY SOLDIERS, IT IS IMPORTANT THAT WE ALLOW THEM TO CARE FOR THE WELL-BEING OF THEIR FAMILIES REGARDLESS OF WHERE THEY ARE STATIONED IN THE WORLD. FAMILY SEPARATIONS IN THE ARMY ARE EXTENSIVE. AS AN EXAMPLE, 80 PERCENT OF OUR ENLISTED FORCE EXPERIENCE SOME TYPE OF FAMILY SEPARATION EACH YEAR. ARMY MEMBERS SPEND TWICE AS MUCH TIME OVERSEAS AS THE OTHER SERVICES. STUDIES HAVE SHOWN THAT FAMILY SEPARATIONS IMPACT ON RETENTION AND, THEREFORE, ON READINESS. IT IS VITALLY IMPORTANT THAT WE HELP EASE THE DIFFICULTIES OF ARMY LIFE BY PROVIDING ADEQUATE QUALITY OF LIFE, FAMILY, AND MORALE, WELFARE AND RECREATION PROGRAMS.

THE CONGRESS HAS BEEN VERY SUPPORTIVE OF THESE PROGRAMS IN THE PAST AND WE SEEK YOUR CONTINUED SUPPORT IN THE FUTURE. SINCE 1980 WE HAVE, WITH YOUR SUPPORT, BEEN ABLE TO GREATLY IMPROVE THE QUALITY AND INCREASED CAPACITY OF OUR CHILD DEVELOPMENT FACILITIES AND PROGRAMS. HOWEVER, WE ARE STILL NOT ABLE TO MEET THE DEMAND. WE HAVE 93 FACILITIES PROGRAMMED FOR CONSTRUCTION BETWEEN FISCAL YEAR 90 AND 95. MOST OF THESE PROJECTS ARE DESIGNED TO BRING OUR REMAINING DEFICIENT FACILITIES UP TO STANDARD; SOME ARE NEW CONSTRUCTIONS. WE HOPE TO INCREASE OUR CAPACITY BY 25 PERCENT THROUGH THESE PROJECTS.

CONSTRUCTION FOR DEPARTMENT OF DEFENSE DEPENDENTS EDUCATION (DODDE) CONTINUES TO BE CAUSE FOR INCREASING CONCERN. THERE IS SIGNIFICANT BACKLOG IN CONSTRUCTION, REPAIR AND EXPANSION. DODDS (OCONUS) IS IN A FACILITIES CATCH-UP MODE CAUSED BY REDUCED FUNDING, INCREASED ENROLLMENTS AT SOME SCHOOLS DUE TO BASE MISSION CHANGES AND THE AGE AND CONDITION OF SOME SCHOOLS. THE BUDGET PROPOSES 10 PROJECTS FOR FY 90. WE

NEED TO ADDRESS THIS AREA BEFORE IT BECOMES UNMANAGEABLE.

IN THE LAST FEW YEARS, AS A RESULT OF A MORATORIUM ON CONSTRUCTION FOR SECTION 6 SCHOOLS, THE QUALITY OF OUR EDUCATION FACILITIES HAS DETERIORATED. WE NEED YOUR ASSISTANCE IN RESOLVING THE BACKLOG IN CONSTRUCTION OF SECTION 6 SCHOOLS FACILITIES.

OUR FAMILY ADVOCACY PROGRAM HAS BEEN VERY SUCCESSFUL. IT HAS HELPED US TO IDENTIFY AND STEM PROBLEMS THROUGH PREVENTION AND TREATMENT SERVICES. YOUR CONTINUED SUPPORT IS CRITICAL. OUR YOUTH DEVELOPMENT PROGRAMS ARE ESSENTIAL IF WE ARE TO RESPOND TO THE UNIQUE NEEDS OF MILITARY YOUTH WHO ARE DISENFRANCHISED FROM FAMILIAR SURROUNDINGS AND FRIENDS AND ARE EXPECTED TO RESTART THEIR LIVES WITH EACH MOVE.

THE EXCEPTIONAL FAMILY MEMBER PROGRAM, WHILE DIFFICULT TO MANAGE, ALLOWS US TO HELP THOSE FAMILY MEMBERS LESS FORTUNATE, THUS MINIMIZING THE IMPACT ON THE SPONSOR'S ABILITY TO PERFORM AND ALLOWING THEM TO CONTINUE A SUCCESSFUL MILITARY CAREER.

WE ARE EXPERIENCING A MAJOR PROBLEM WITH OUR ABILITY TO PROPERLY SUPPORT OUR MORALE, WELFARE AND RECREATION ACTIVITIES WITH ADEQUATE APPROPRIATED FUNDS (APF). THE CAP ON THE USE OF THESE FUNDS IMPOSED BY THE APPROPRIATIONS LANGUAGE OF TWO YEARS AGO HAS CREATED SEVERE INEQUITIES IN OUR PROGRAMS. CONGRESS HAS CONSISTENTLY DIRECTED US TO USE APF IN SUPPORT OF MISSION SUSTAINING ACTIVITIES, WHILE RESTRICTING ITS USE FOR BUSINESS ACTIVITIES. HOWEVER, EVEN WITH THIS REALIGNMENT WE ARE SHORT OF APF CEILING FOR OUR MISSION ESSENTIAL ACTIVITIES. THE CAP TIES OUR HANDS. IT PRECLUDES US FROM MANAGING THESE PROGRAMS WELL. THIS PROBLEM HAS BEEN FURTHER EXACERBATED BY THE SUBSTANTIAL INCREASE IN OVERSEAS SHIPPING COSTS FOR RESALE GOODS. SINCE THIS IS WITHIN THE CAP IT IS CAUSING US TO TAKE FUNDS FROM FAMILY AND

MISSION ESSENTIAL MWR PROGRAMS TO COVER THESE UNPROGRAMMED EXPENDITURES. WE SEEK YOUR SUPPORT TO RESOLVE THIS PROBLEM FOR FY 89 AND TO PERMANENTLY REMOVE THE CAP. THE NEW CATEGORY DEFINITIONS AND LIMITATIONS CLEARLY STATE YOUR INTENTIONS. THE CAP JUST ADDS ANOTHER RESTRICTION THAT IS DUPLICATIVE.

ALSO RELATED TO THE IMPLEMENTATION OF CONGRESSIONAL AND DEPARTMENTAL GUIDANCE IS THE NEED TO TREAT EQUITABLY THOSE CIVILIAN EMPLOYEES WHO, BECAUSE OF THE CHANGE IN THE CATEGORIZATION OF THEIR ACTIVITY, MUST NOW CHANGE FROM NON-APPROPRIATED FUND EMPLOYMENT TO APPROPRIATED FUND EMPLOYMENT. UNDER CURRENT LAWS, THESE INDIVIDUALS WOULD LOSE THEIR ACCRUED TIME FOR RETIREMENT PURPOSES, SICK AND ANNUAL LEAVE, AND SENIORITY IN THE WORK FORCE. THE OFFICE OF THE SECRETARY OF DEFENSE IS IN THE FINAL STAGES OF PREPARING A REPORT TO THE CONGRESS CONCERNING THIS SUBJECT.

WHILE I AM SURE THAT THE SURGEON GENERAL OF THE ARMY HAS ADDRESSED THE IMPACT OF MEDICAL CARE, AND ITS AVAILABILITY ON SOLDIERS AND THEIR FAMILIES, I WOULD LIKE TO REINFORCE A FEW POINTS. TODAY'S MEDICAL PROGRAMS ARE ESSENTIAL TO THE OVERALL QUALITY OF LIFE OF OUR PEOPLE. THE PRIMUS PROGRAM HAS DONE WONDERS IN PROVIDING QUALITY SERVICES CLOSER TO WHERE OUR FAMILIES RESIDE AND IN REDUCING THE LONG LINES IN MILITARY HOSPITALS. THE DENTAL INSURANCE PROGRAM HAS BEEN A REAL BLESSING. IT IS THE RIGHT PROGRAM AT THE RIGHT TIME. CHAMPUS SERVES A UNIQUE CLIENTELE AND MUST BE SUPPORTED. OUR CONCERN IS FOR THE ABILITY OF THE ARMY TO RECRUIT AND RETAIN MEDICAL PERSONNEL. IT IS IMPORTANT THAT WE PROVIDE THE PROPER INCENTIVES TO ENSURE THAT DOCTORS, NURSES, AND SUPPORT PERSONNEL ARE AVAILABLE TO MEET OUR READINESS REQUIREMENTS, AS WELL AS TO SUPPORT MILITARY FAMILIES.

PROVIDING FOR THE QUALITY OF LIFE OF OUR SOLDIERS AND THEIR FAMILIES IS CRITICAL IF WE ARE TO MAINTAIN READINESS AND MEET OUR PRIMARY MISSION AS A STRATEGIC DETERRENT FORCE.

CIVILIAN PERSONNEL MODERNIZATION PROGRAMS

I HAVE TAKEN CONSIDERABLE TIME TALKING OF OUR MILITARY FORCE AND THEIR FAMILIES. THERE IS ANOTHER CRITICAL PART OF THE ARMY TEAM THAT IS ESSENTIAL TO THE ABILITY OF THE ARMY TO ACCOMPLISH ITS MISSION. WITHOUT OUR DEDICATED AND PROFESSIONAL CIVILIAN WORK FORCE, THE MILITARY COULD NOT DEVOTE ITS TIME TO PREPARING ITS FORCES TO MEET ITS ROLE AS A STRATEGIC DETERRENT. THE CIVILIAN WORK FORCE IS AN EQUAL PARTNER IN THIS EFFORT AND AS SUCH THEIR NEEDS MUST ALSO BE ADDRESSED. THE FEDERAL CIVILIAN PERSONNEL MANAGEMENT SYSTEM, WHICH WE MUST USE TO RECRUIT AND RETAIN THESE CRITICAL SKILLS, IS CUMBERSOME AND DOES NOT SUPPORT A QUALITY WORK FORCE.

IN LOOKING AT STUDIES OF THE U.S. LABOR FORCE FROM NOW TO THE YEAR 2000, IT IS CLEAR THAT JOB SKILL LEVELS WILL INCREASE, AND COMPETITION TO HIRE WILL INTENSIFY GREATLY AS THE AVAILABLE SUPPLY OF QUALIFIED PERSONNEL DECLINES. THIS WILL MAKE IT EVEN MORE DIFFICULT FOR US TO COMPETE IN THE MARKET PLACE. WE NEED A MODERNIZATION OF THE CIVILIAN PERSONNEL MANAGEMENT SYSTEM. WE MUST STRENGTHEN THE LEADERSHIP, DEREGULATE AND "POWER DOWN" AUTHORITY, AND MODERNIZE SUPPORTING SYSTEMS. WE MUST PROVIDE INCREASED AND PRODUCTIVE CIVILIAN LEADERSHIP TRAINING, SIMPLIFICATION OF OUR NON-APPROPRIATED FUND MANAGEMENT SYSTEM TO ACCOMMODATE A MORE BUSINESS ORIENTED APPROACH, AND THE ABILITY TO MANAGE TO BUDGET. LAST YEAR OPM INITIATED LEGISLATION WHICH WOULD PROVIDE THESE FEATURES. UNFORTUNATELY IT DID NOT PASS BOTH HOUSES OF CONGRESS.

WE WILL ALSO BE SEEKING YOUR SUPPORT FOR THE ARMY CIVILIAN TRAINING, EDUCATION, AND DEVELOPMENT SYSTEM (ACTEDS) WHICH IS DESIGNED TO HELP US BETTER EDUCATE AND DEVELOP OUR WORK FORCE. WE SUPPORT LEGISLATIVE AUTHORITY REQUESTED BY OPM TO FUND TRAINING FOR CIVILIANS THAT WILL HELP THEM ACHIEVE A DEGREE. CURRENTLY, WE MAY TRAIN THEM BUT THE DEGREE MUST BE INCIDENTAL TO THAT TRAINING.

IT IS ALSO IMPORTANT THAT WE RECOGNIZE THE FAMILIES OF OUR CIVILIAN EMPLOYEES. THIS IS ESPECIALLY TRUE FOR THOSE CIVILIAN FAMILIES WHO MOVE OVERSEAS, ARE REQUIRED TO HAVE ARMY-WIDE MOBILITY, OR MUST MOVE TO SATISFY STATUTORY RIGHTS. THEY ARE SUBJECTED TO THE SAME HARDSHIPS IN OBTAINING EMPLOYMENT AS OUR MILITARY FAMILIES. MANY A CIVILIAN SPOUSE FORFEITS CAREER EMPLOYMENT OPPORTUNITIES TO BE SUPPORTIVE OF THEIR SPOUSE WHO ARE REQUIRED TO MOVE.

LET ME AGAIN SEEK YOUR SUPPORT TO PERMANENTLY ELIMINATE STATUTORY CIVILIAN END STRENGTH CEILINGS.

RESOURCING

I BEGAN BY TALKING ABOUT THE QUALITY OF OUR ARMY AND HOW IMPORTANT THAT IS TO US TODAY. I HAVE TALKED ABOUT OUR NEED TO RETAIN THIS QUALITY FORCE AND HOW FAMILY PROGRAMS PLAY A KEY ROLE IN THAT RETENTION EQUATION. IT IS ALSO IMPORTANT THAT OUR SOLDIERS HAVE ADEQUATE COMPENSATION. INCREASES IN MILITARY PAY SINCE 1982 HAVE LAGGED BEHIND PAY RAISES IN THE PRIVATE SECTOR. CURRENTLY THAT LAG IS ABOUT 10.1 PERCENT. IT IS IMPORTANT NOT TO ALLOW THAT GAP TO INCREASE TO THE POINT THAT IT CAUSES A DECLINE IN THE QUALITY OF OUR FORCE. CURRENT RECRUITING DIFFICULTIES INDICATE THAT THAT THRESHOLD MAY HAVE ALREADY BEEN CROSSED. I

URGE YOUR SUPPORT FOR A PAY RAISE THAT KEEPS MILITARY PAY COMPETITIVE WITH THE PRIVATE SECTOR. FEDERAL CIVILIAN PAY IS NOW 22 PERCENT LOWER THAN THE PRIVATE SECTOR.

ANOTHER COMPENSATION ISSUE IS THE CAP ON THE VARIABLE HOUSING ALLOWANCE (VHA). THE VHA CAP PRECLUDES THE PROGRAM FROM PERFORMING IN THE MANNER CONGRESS DESIGNED. THE VHA GOAL IS FOR THE SERVICE MEMBER TO HAVE OUT-OF-POCKET COSTS EQUAL TO 15 PERCENT OF THE NATIONAL MEDIAN HOUSING COSTS FOR THEIR PAY GRADE. IN ACTUALITY THEY ARE NOW ABSORBING 21.5 PERCENT OF THOSE COSTS. THE CAP RESTRICTS MANAGEMENT ALTERNATIVES SINCE THIS IS AN ENTITLEMENT AND MUST BE PAID. I URGE YOU TO RESTORE THIS PROGRAM TO ITS CONGRESSIONALLY INTENDED LEVELS AND ELIMINATE THE VHA CAP.

OVER THE PAST FEW YEARS THE ARMY HAS EXPERIENCED SUBSTANTIAL UNPROGRAMMED EXPENDITURES IN THE MPA ACCOUNT BECAUSE OF FOREIGN CURRENCY FLUCTUATIONS. THIS CAUSED US TO REDIRECT DOLLARS FROM CRITICAL PROGRAMS. WE NEED TO INCORPORATE MPA INTO THE FOREIGN CURRENCY FLUCTUATION ACCOUNT TO PRECLUDE THIS FROM OCCURRING EACH YEAR. THIS FLUCTUATION MAKES MANAGEMENT OF OUR PROGRAMS VERY DIFFICULT. THIS WOULD ELIMINATE THE NEED TO ANNUALLY REPROGRAM TO ADJUST FOR THESE FLUCTUATIONS.

ALSO LAST YEAR THE CONGRESS WITHDREW DOLLARS IN SUPPORT OF AUTOMATION PROGRAMS FROM EACH OF THE SERVICES. THIS CAUSED US CONSIDERABLE PROBLEMS. IN THE PAST FEW YEARS, WE WITHDREW ABOUT 3 THOUSAND SPACES FROM OUR MILITARY PERSONNEL MANAGEMENT STRUCTURE WITH THE IDEA THAT IMPROVED AUTOMATION WOULD REPLACE SOLDIERS. REDUCTIONS IN AUTOMATION FUNDING HAS RESULTED IN FURTHER DELAY IN FIELDING CRITICAL SYSTEMS SUCH AS SIDPERS 3 AND TACCS WHICH DIRECTLY SUPPORT OUR MOBILIZATION AND

WARFIGHTING CAPABILITY.

LET ME MENTION TWO PROGRAMS WHICH WE FEEL WILL PROVIDE EXCELLENT SUPPORT FOR OUR SOLDIERS OVERSEAS. FIRST, EUROPE HAS TESTED A GOVERNMENT RENTAL HOUSING PROGRAM. UNDER THIS PROGRAM THE FEDERAL GOVERNMENT ENTERS INTO A LEASE FOR SUITABLE OFF POST HOUSING AT THE POINT WHERE A SOLDIER HAS SEEN THE HOUSING AND IS INTERESTED IN ITS LEASE. THIS PROGRAM IS EXPECTED TO INCREASE OUR STOCK OF OFF-POST HOUSING, AND HELP SOLDIERS FIND HOUSING MORE QUICKLY. THE PROGRAM HAS BEEN ENDORSED BY COMMANDERS AND SOLDIERS AS WELL AS GERMAN LANDLORDS. WE EXPECT TO EXPERIENCE A NET SAVINGS THROUGH THIS VENTURE. WE HAVE FUNDED EXPANSION OF THIS PROGRAM IN FY 90 AND 91 BY TRANSFERRING MPA DOLLARS TO OUR FAMILY HOUSING ACCOUNT. WE HOPE YOU WILL SUPPORT THIS INITIATIVE.

CONCLUSION

LET ME CONCLUDE BY REINFORCING SOME CRITICAL POINTS. FIRST, THE ARMY'S PRIMARY FOCUS IS ON RECRUITING AND RETAINING A QUALITY FORCE BOTH MILITARY AND CIVILIAN. TODAY OUR ABILITY TO RECRUIT HAS BECOME FRAGILE AS A RESULT OF EXCESSIVE CUTS IN RECRUITING RESOURCES AND PROGRAMS WE ARE ABLE TO OFFER. WE MUST REINSTITUTE THESE PROGRAMS. WE NEED THIS QUALITY IN ORDER TO SUPPORT READINESS AND THE WARFIGHTING CAPABILITY OF THE ARMY AS A STRATEGIC DETERRENT FORCE. WHAT WE ARE SEEKING FROM YOU, THE CONGRESS ARE RESOURCES THAT SUPPORT THESE INITIATIVES. WE MUST HAVE THE RESOURCES AND INCENTIVES TO CONTINUE QUALITY RECRUITING, TO KEEP SOLDIERS AND FAMILIES TOGETHER OVERSEAS, TO PROVIDE QUALITY SOLDIER AND FAMILY PROGRAMS.

THE ARMY BUDGET HAS BEEN BUILT TO MINIMIZE THE IMPACT ON

SOLDIERS AND THEIR FAMILIES WHILE SUPPORTING READINESS AND IS SUPPORTED BY THREE KEY PILLARS:

- NO EARLY OUTS
- NO PROMOTION SLOW DOWNS
- NO FREEZE ON PERMANENT CHANGES OF STATION (PCS)

OUR GOAL IS A QUALITY ARMY, WITH QUALITY EQUIPMENT SUPPORTED BY STRONG FAMILIES.

THE ARMY, ITS SOLDERS AND FAMILIES, IS YOUR NATIONAL ASSET. YOU MUST SUPPORT IT AND INVEST IN ITS FUTURE. IT PROVIDES A SOCIETAL BENEFIT NOT ONLY IN DEFENSE OF OUR COUNTRY BUT ALSO AS A SOURCE FOR IMPROVING THE LIVES OF THOSE WHO JOIN IT, SERVE IT AND THEN RETURN TO SHARE THAT EXPERIENCE AND THE SKILLS THEY HAVE ACQUIRED WITH THE REST OF SOCIETY. HELP US TO CONTINUE TO MEET THAT CHALLENGE.

I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE AND SHALL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE ON ARMY PERSONNEL PROGRAMS.

Senator GLENN. Thank you very much. Admiral Boorda, would you proceed?

STATEMENT OF VICE ADM. JEREMY M. BOORDA, U.S. NAVY, CHIEF OF NAVAL PERSONNEL

Admiral BOORDA. Yes, sir. Thank you, Mr. Chairman.

During this budget year, as they have for every year since all of you and I have been worrying about such things, every witness you hear will talk about his or her affection for our people and of the important and difficult contributions military people make.

They will say the people provide the advantage, the edge over potential adversaries. They will tell you that support for our people is their top priority and that it ought to be yours, and unless this year is any different than all the rest of the years, you will agree and you will make statements to complement those of the witnesses.

We in the military will hear those statements and we will take heart. Somebody really does care after all. Quality of life is important to those who make the rules. Well, this year we have a chance to really show that we mean what we say.

We all know the pressures to reduce defense spending are pervasive now. The question is not, shall we reduce, but instead, where shall we cut? In this tough fiscal environment it is time to put our money where our mouth has always been—to take care of our people.

In this year's personnel budget, Navy has done just that. We have taken care of our people. We have protected essential elements of the personnel accounts, even in the face of difficult decisions and pressures to do otherwise. Let me be more specific.

The elements of quality of life are many and varied, but one factor is dominant. Family separation is the number one disatisfier of even those who stay.

For the Navy, with forward deployed commitments that do not seem to be shrinking—just the opposite—family separation goes with the territory. But there ought not to be more separation than absolutely necessary.

Given the importance and national significance of our commitments, it is clear that Navy men and women are going to have to continue to go to sea—that is what we are all about. But what does that have to do with personnel accounts? Let me tell you. End strength—how many people we have—has everything to do with quality of life and family separation.

As Personnel Chief, with responsibilities for readiness and for people, I am going to man the ships and the aircraft squadrons that go to sea. I am going to man them adequately to do the job that must be done and I am going to see that they are trained and experienced. Manning of the operating forces will be and must be my first priority.

Where, then, will we take the cuts and have the shortages? We will always take them in the shore establishment, in the support forces. If we forget for a moment the argument about how important much of the support function is to getting the job done at sea—and I hope you will agree with me that it is important—instead if we can just focus on the fact that shortages will be taken ashore and not at sea and that means longer sea tours for those who stay with us. That means more family separation, lower quality of life and less retention.

For years, throughout the 1980s, as our Navy grew, it grew only in enough numbers to man the new ships and squadrons of our revitalized force. It did not grow in proper proportion. Sea tours steadily increased over the 1980s and that was not healthy—not healthy for people, or for the Navy.

Now the pressure is on to cut. For the amended budget we have in fact reduced our end strength for fiscal year 1990, down 5,600 from the levels we requested in January and down 1,200 from this year's strength. But we have done it in a logical and balanced manner—reducing forces, which permits us to reduce billets at sea.

These billets will be used to man new ships coming into the fleet in fiscal year 1990 while maintaining unit readiness and sea/shore rotation. Our Navy will be slightly smaller in terms of ships and people, but neither our personnel readiness nor the quality of life for our people will suffer.

We will also add 300 health-care professionals to our officer corps and add 300 personnel to Special Operating Forces—units and missions that have continually absorbed new and important requirements and need modest growth to carry them out.

In a no-growth officer end strength environment we will do this by shifts within the officer corps makeup. We have not cut, nor have we added people to shore duty. We maintain those numbers the same. Because we have done that, sea/shore rotation will remain about the same next year.

We have, despite the rather large outlays one could save from personnel accounts, made the strongest statement we could make in support of our people. We have kept the numbers up, and we have kept the dollars up so that they could count on reasonable shore duty as a respite from sea and from family separation. I hope you will support us in maintaining that balance.

The remainder of our personnel budget is intact as well. Through the amended budget submission process we have taken no arbitrary reductions in people or in funding for people. I hope you will ask me about programs and pay, and I trust you will question our commitment to support our people. We have done so, and we have budgeted and programmed in a way that demonstrates that support.

I look forward to your questions.

[The statement of Admiral Boorda follows:]

STATEMENT OF
VICE ADMIRAL J. M. BOORDA, U. S. NAVY
DEPUTY CHIEF OF NAVAL OPERATIONS
FOR
MANPOWER, PERSONNEL AND TRAINING
AND CHIEF OF NAVAL PERSONNEL

INTRODUCTION/OVERVIEW

Mr. Chairman and distinguished members of the Subcommittee, it is both my privilege and pleasure to appear before you in my dual capacity as the Deputy Chief of Naval Operations for Manpower, Personnel and Training, and as the Chief of Naval Personnel.

My statement describes the Navy's manpower, personnel and training amended budget request for FY-90/91, including the active, reserve and civilian components of our Total Force. It also details our personnel readiness posture, recruiting and retention trends, quality of life programs and training. Additionally, I'll focus on several issues and concerns raised in various committee reports or bills during the last Congressional session.

The past year was a time of real progress in many programs affecting Navy people. Career opportunities for women are expanding at sea and ashore. We completed a top-to-bottom study of our Equal Opportunity Program and are now implementing its recommendations vigorously. There is much to feel good about when I talk about Navy people.

The Secretary of the Navy and the Chief of Naval Operations have stated on many occasions that the Navy's primary commitment must be to our people. They have reaffirmed that priority this year in the recently submitted amended budget request, and I can only echo this principle in the very strongest terms. Our proposed budget will make 1990 as stable and predictable as 1989 for Navy people, reflecting a properly funded program responsive to the needs of our sailors, the heart and backbone of the fleet.

As the commander of a cruiser-destroyer group for the past two years, I witnessed firsthand the way that past investments in our Navy are being returned many times over. It was my good fortune to lead the best sailors with whom I have served in more than three decades in uniform. In the face of very real fiscal constraints and difficult budget decisions, our imperative is to preserve the gains we have made now and in the future. We must sustain a commitment to our people.

It is Navy people--men and women, most of them not more than 20 or 21 years old--who make the best, or even the worst, ship or squadron work. Today's sailors are confident. They are smart, tough and purposeful. Because of their dedication and commitment, Navy readiness is real. During the past year, we have witnessed forceful examples of the Navy acting in direct support of the nation's interests in the far reaches of the world's oceans, from the waters of the Persian Gulf, to the Mediterranean Sea, and the Atlantic and Pacific Oceans.

The Navy's achievements are the product of our people's hard work and personal sacrifice. It is the result of sailors putting to sea for long deployments under arduous and frequently hazardous conditions as we so recently witnessed in USS IOWA. They and their families endure the stress that comes from demanding and often dangerous duties far from home. There is little room for false starts or error, but an ever-present demand for perfect performance the first time, every time.

The outstanding personnel readiness that we have slowly forged in recent years is the foundation of Navy readiness overall. During my time as the Chief of Naval Personnel, I have applied every energy to ensuring we do not falter in our quest for a decent quality of life for our sailors. My goal is to show our men and women by our example and deeds that the phrase "taking care of our own" really means something.

The phrase "quality of life" means different things to different people, but its essential elements are easily grasped. As a forward deployed force with undiminished global commitments, it means striking a careful balance between sea and shore tours and achieving an operating tempo that does not prolong family separations to unreasonable lengths.

It means paying our sailors adequate compensation for their work and having incentive pays and bonus programs that are commensurate and support the retention of personnel whose skills we need in a Navy of increasingly complex technology. It means decent housing, family support programs and medical care, and a welfare and recreation program that offers wholesome leisure activities overseas and here at home. It means having funds available to promote people on time when vacancies occur so that outstanding performance is recognized and rewarded. It means a viable program of educational opportunities so our people can chart their own path toward upward mobility. My approach to these numerous considerations reflects my very strong belief that quality of life for our sailors is a readiness issue in every sense. It is as important as training or maintenance. Sailors satisfied with their quality of life and imbued with the knowledge that their sacrifices are recognized will invariably do a better job. They will be inclined to sign on for a Navy career in greater numbers at a time when needed levels of technical competence and experience are growing. A better job and greater experience spell better combat readiness. The lesson of history through the ages is that people, not things, win wars. People are at once our present and future strength.

My responsibilities for ensuring we achieve the needed levels of readiness through people encompasses three main variables: (1) having the right number of people (end strength) to man our ships, squadrons and shore stations; (2) recruiting the right number of quality people to be trained in needed skills, and; (3) retaining sufficient numbers of experienced people for the long term. Together with my staff, I have examined each of these area in considerable detail in recent months.

Faced with a tough and increasingly challenging budget environment, Navy is reducing or shifting force structure to the Reserves. This, in turn, reduces our active duty end strength requirements for FY-90 and FY-91, with a concurrent slight reduction in the Military Personnel, Navy (MPN) appropriations amended budget request. The Reserve Personnel, Navy (RPN) appropriations and end strength will require small increases as we shift the force structure. Reductions to active personnel end strength of 1,200 from FY-89 to FY-90 are based on the decrease in sea duty billets as a result of ships being decommissioned. We will maintain unit readiness and sea/shore rotation levels. Planned personnel reductions will be achieved largely through reduced accessions.

Our MPN request for money and people matches our force structure and ensures that quality of life of our people will not be degraded through the type of management actions we were forced to make in FY-88. I feel strongly that we have sized the account properly and request your support in authorizing full funding of our request.

Our personnel program is bounded by the realities of the operating environment, a high tempo of overseas operations and a force structure which can meet our commitments. Manning of ships and squadrons has been our first priority during the naval recovery program of recent years.

The numbers and quality of personnel and the kind and duration of their training are tied directly to our force structure. During the past decade, we constrained growth in the shore establishment despite the demands of new programs and new ships. At the same time that we sustained reductions in overall officer manning, we leaned out our shore stations to the limit of manpower efficiencies. As a result, our tooth-to-tail ratio has increased from 1:1 in FY-80 to approximately 1.4:1 today.

Our current distribution has achieved a balance of fleet manning, readiness and quality of life that has measured up well to the challenges we faced this decade. We have made progress towards achieving our goal of a sea/shore rotation ratio of three years afloat and three years ashore (3:3) for career sailors, a meaningful proxy for quality of life for a sea-going force, but our current ratio remains at 3.8:3.

In a constrained end strength environment, where all manpower increases and decreases are tied directly to fleet requirements, we will not be able to achieve our goals. End strength reductions which exceed force level reductions would only exacerbate this trend, and the quality of life for our people would be unavoidably degraded.

At a time when the mobility and flexibility of sea power are assuming greater importance in our national security posture, we must not repeat the mistakes of a decade ago by allowing the burden of undiminished operational commitments to be placed on the backs of our sailors. That must not happen again. Recent Congressional Testimony by our Defense Secretary acknowledged that the Navy's operational commitments must be scrutinized in order to preserve our stated OPTEMPO/PERSTEMPO goals.

Our ability to sustain our current force posture and readiness rests with the other factors in our personnel readiness equation, recruiting and retention. While there is much to feel good about today, there are sufficient signals in the air to raise concern for the future.

Navy recruiters did well in FY-88 in meeting the Navy's yearly enlisted accession requirements, both in quantity and quality. The challenge in the enlisted area has been to meet new contract objectives to build our Delayed Entry Pool (DEP) for the future. New contract goals were not met for ten months of the year in FY-88. We have experienced a continued drawdown of this pool during this fiscal year.

Person for person, our Navy Recruiting Command is the most effective team of military recruiters in the country, and their officer recruiting results also demonstrated high productivity. All officer recruiting goals were met or exceeded last year with the exception of Nurse Corps and physician programs. Additional medical recruiters have been added to our force to address this shortfall.

Several factors in today's recruiting environment place future recruiting success at risk. The continuing decline in the male youth population will not turn around until 1996, and with generally low unemployment, there is greater competition for high quality youth available and eligible for enlistment.

We are seeing a rising first term attrition and declining recruit quality, which may pose increased training requirements and costs in the coming decade. The demand for quality that comes with the increasing complexity of our systems and our maritime operational environment will be harder to meet from the population at large.

This recruiting outlook drives two needs. One is your support for the recruiting resources and advertising dollars we must have to support Navy recruiters in their work. There is a low awareness of Navy opportunities among youth population, and we need to turn this around. To chart our own course more clearly, I have recently conducted two independent studies to develop near and long term strategies to allow us to identify and penetrate high quality markets.

Our recruiting outlook also imposes a retention dynamic in the quality of people we must retain in the service. This is the third factor in our personnel readiness equation. Retaining sufficient numbers of our best qualified people will always be our greatest challenge.

We did reasonably well in 1988, although career retention has continued to slip slightly every year since 1984. Enlisted retention is still fragile in critical skills, and the Selective Reenlistment Bonus program continues to be one of our most effective tools for managing this problem.

Retaining top quality sailors is influenced significantly by today's healthy economy and low unemployment. Military-civilian pay disparity persists. During the past year, "low pay" was the second most frequently cited reason for sailors leaving the Navy.

We are working hard to redress officer shortages in health care, nuclear propulsion qualified and mid-grade pilots in certain specialties, notably tactical aviation. Significant numbers of additional medical recruiters have been placed in the field, and new bonus and incentive programs are stimulating higher retention among our health care professionals. The 1989 Medical Officer Retention Bonus of up to $20,000 is already improving the retention of physicians. 43 percent of the eligible specialists have signed up for the multi-year bonus, some 81 percent for 4 year contracts. I am confident that our aggressive implementation of last year's Medical Blue Ribbon Panel recommendations will also yield many additional dividends as we revitalize Navy medicine.

In aviation, we are faced with increasing competition from the airlines--aggressive competition that has contributed to our shortage of approximately 1500 junior officer aviators. This figure is up by 400 from last year. The Aviation Continuation Pay (ACP) law passed last year by the Congress provided bonuses of up to $12 thousand for mid-grade pilots in critical shortage areas. It has already had an effect in attracting officers who have elected to commit themselves for added years of service. In the first four months of the bonus we have achieved an acceptance rate of 42 percent of our goal in retaining pilots in critical year groups for long term contracts.

Compensation is not the only factor influencing officer retention, but our experience has shown that retention does improve when bonuses are increased. Last year's Congressionally-approved increase to submarine duty incentive pay, for example, is yielding positive results in our nuclear recruiting and retention areas.

In preparing Navy's amended budget request, the Secretary of the Navy and the Chief of Naval Operations protected our personnel programs as a top priority. Our goal is to provide Navy people a year of relative stability in the personnel arena. In 1988, we were forced to take a number of unpalatable but necessary actions because of shortfalls in personnel appropriations. Such actions included delays in officer promotions and enlisted advancements; increasing time-in-rate requirements for E1 and E2 personnel; establishing voluntary and involuntary early release programs; extending tour lengths by two to four months; delaying the start-up in our Selective Reenlistment Bonus (SRB) program; and reducing Special Duty Assignment Pay. Having been in the fleet when these matters were enacted, I can assure you that no one wants to see a repetition in future years, and this concern guided our approach in developing the amended budget.

As the result of those drastic actions, the number of units reporting in the highest category of personnel readiness dropped by 10% overall and 14.4% for ships. Left alone, the numbers would have fallen further. Our fleet Commanders-in-Chief were only able to compensate for the impact of the involuntary early-out program by cross-decking and other expediencies.

We have largely recovered from those negative actions, but uncertainty still persists in the fleet about our outlook for the future. For the current fiscal year, I am confident that with the appropriations Congress provided, combined with transfers from other accounts to cover newly enacted programs, we will avoid the need to resort to comparable measures this year.

But, as I noted during my opening remarks, our challenge is to preserve past gains for the future. There are few discretionary variables in our manpower account. Reductions to our amended budget request can only result in compromising fleet readiness or reducing the quality of life for our people. Our current military pay, a quality of life issue, is acceptable but deteriorating due to the gaps experienced in purchasing power and differences between military and civilian sector wage growth.

Sustaining a commitment to Navy people means nothing less than protecting the delicate balance between personnel readiness and a decent standard of living for all hands. It means nothing less than having the right numbers of people and adequate funding for the quality of life priorities I have described today.

I look forward to working closely with you throughout the budget year in frank and open discussions to achieve these goals.

BUDGET REQUEST FOR THE TOTAL FORCE

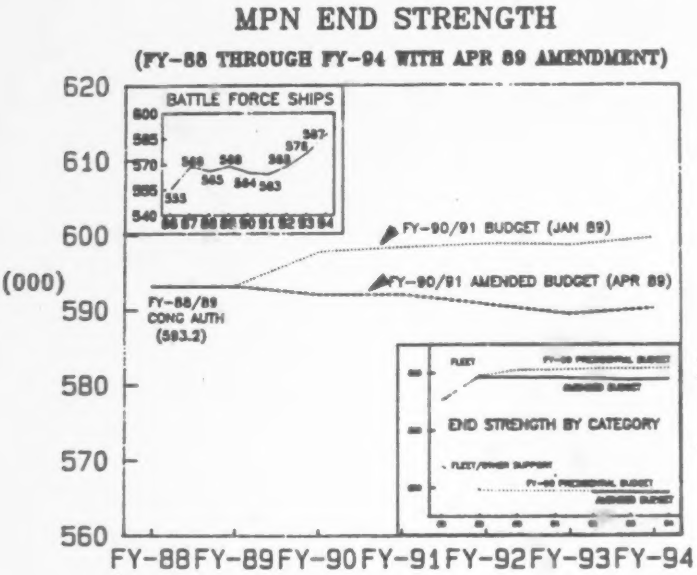
Military Personnel, Navy (MPN) - "The First Variable".

The amended FY 90/91 budget request reduces end strength by 5600 in FY 90 and an additional 600 in FY 91 from the levels requested in the January 1989 budget submission. This reduction is part of a balanced "one-for-one" drawdown of force structure (ships and aircraft) and manpower. In FY 90 and 91, sixteen DDG's and one CV (Coral Sea) will be retired early, P-3 maritime patrol squadrons will be downsized, and ten KNOX class frigates will be transferred to the NRF. The manpower associated with these force structure reductions results in a reduction of 5600 in FY 90. Manpower requirements for new ships entering the fleet total 4505 in FY 90 which is reflected in Navy's January 1989 budget request.

The net result of the early force level reductions, previously planned ship retirements, and the manning of new units is a reduction of 1200 end strength from the FY 89 level of 593,200.

While overall force size is being reduced to meet fiscal constraints, fleet capabilities continue to be upgraded and improved via the addition of new ships and aircraft. (Figure 1)

FIGURE 1



The number of ships in the Navy inventory begins to grow in the out years (FY-92/94) as new construction ships are commissioned. In FY-92 the Navy will once again have the same number of ships as there are in FY-89, however there will be a higher concentration of reserve ships in the force. To properly man these reserve KNOX class frigates a significantly larger number of TAR/SELRES manpower will be required. We request your support in authorizing programs such as SRB and USNR Fleet Pay so that we can retain the correct number and skill mix of people to man these ships. The Navy continues to grow the size of the Health Care Professional Officer ranks to meet levels mandated by Congress. Special Operations Forces (SOF) is another growing community within the Navy. Given that Navy end strength overall is being drawn down, manpower must be reapportioned from other communities in order to accommodate growth in specific areas such as health care and SOF.

Officer End Strength. FY-90 will be the second year in a row that officer end strength will have been capped at 72610. This follows two years of officer reductions, from planned strength, of 1576 and 2090 in FY-87 and FY-88 respectively. Although the size of the officer corps remains constant the composition will change to accommodate growth of 300 health care professional officers. In FY-91 officer end strength is reduced by 180 from 1990 levels.

Enlisted End Strength. In FY-90 enlisted end strength has a real decrease from FY-89 levels of 1200. In FY-91 enlisted strength levels grow by 180 over 1990 end strength.

Recruiting - "The Second Variable".

In FY-88, we began encountering the recruiting difficulties predicted for the late 1980's, and Navy's recruiting force is now adjusting to the combined pressures of a vibrant economy and a declining youth population. To continue achieving accession requirements in the future, we are injecting the best support possible from existing assets. It is equally important to maintain the requested funding support for recruiting resources and advertising dollars in view of the fact that Navy recruiting opened FY-89 funded (in real terms) at its lowest level in this decade. While we are moving - within existing assets - to meet recruiting challenges, we need funding support to ensure the variety of tools required are available to allow adjustments to a changing market. The challenges are clear: the economy is expected to remain strong, unemployment rates will continue at their lowest levels since the inception of the All Volunteer Force, and the recruitable youth population will continue declining. These are not insurmountable odds, and with your support, we will move aggressively to meet our accession requirements.

Enlisted Recruiting Results. In FY-88, Navy accessed 93,939 enlisted personnel of which over 80,000 were non-prior service males. The overall percent of non-prior service accessions classified as Upper Mental Group (UMG) was 61.0 with

90.6 percent being High School Diploma Graduates (HSDG). This represents essentially no change from the previous year and is directly attributable to the healthy size, quality and distribution of the FY-88 Delayed Entry Pool (DEP). However, production of DEP contracts for people scheduled to access in FY-89 fell short of objectives. In six of the last eight months of FY-88, recruiters were unable to produce sufficient new contracts to build the DEP for FY-89. Recruiting during the summer months, traditionally the most productive time of the year, was the worst since 1985. FY-89 began with 3881 fewer people in DEP than in the previous year. More significantly, the composition of the DEP was below our non-prior service requirements and contract placement was also unfavorable. A smaller proportion of non-prior service males had made the commitment to join the Navy. Of this smaller population 5428 fewer were high school graduates and 4571 fewer were classified as Upper Mental Group. We began FY-89 with a smaller percentage of our winter and spring accessions already under contract. Yet, through April 1989, we have continued achieving monthly accession goals. This success is at the expense of missing new contract objectives (which builds the DEP) four of the last six months. This fact has forced recruiters into the work force market to meet monthly accession requirements for this time of year. Not only are quality applicants more difficult to find in the work force market, but recruiters are diverted from searching out high quality applicants from within the upcoming high school graduation class. Compounding the problem, accession requirements for the other Services are higher in FY-89 than they were in FY-88, increasing competition among all Services for qualified military applicants. We must move recruiters out of the work force/direct ship market and into the high school and collegiate markets to compete. For the future, we are developing tools to effectively recruit in junior colleges and vocational schools, as well as in the work force. Our FY-90 budget is the key element in our strategy to ensure that we sustain the quality Navy we have built in the 1980's.

Officer Recruiting Results. Officer recruiting was successful for the Unrestricted Line programs during FY-88. The effort for FY-89 has not been as successful. At the end of the second quarter FY-89, we have 75.5% of this year's overall officer goal accessed or in the Delayed Entry Pool (DEP). This number compares to 84.8% in DEP or accessed at the same time last year. The significance of this change is that it forces officer recruiters to work the college seniors market - (i.e. to recruit people who can enter the Navy this fiscal year). In essence, we mortgage the future to meet current requirements.

Nuclear Officer Accessions. Nuclear Officer accessions continue to be one of the Navy's most difficult and challenging recruiting issues. Navy projects a need to increase its annual nuclear surface warfare officer acçession goal two to three percent each year through the 1990s to man nuclear powered cruisers and aircraft carriers.

Recruiting these highly sought after officers is becoming more and more difficult. Navy is examining several initiatives to help solve this problem including a revised nuclear surface warfare officer career path and increased incentives for joining the nuclear community. The difficulty in recruiting nuclear officers is not a new problem.

Since the early 1960s, the recruiting shortfalls for nuclear submarine officers resulted in a very sea-intensive career path and an inability for most submarine officers to serve outside their community during their infrequent shore tours. This fact explains the very few numbers of nuclear officers who have been assigned to joint duty tours.

Through the 1970s and most of the 1980s, the Navy was successful in recruiting enough nuclear surface warfare officers (SWO) to man its nuclear powered cruisers and aircraft carriers. However, since FY-85, the Navy has fallen short of its nuclear officer accession goal by an average of 12 percent each year.

The FY-89 forecast portends a similar shortfall, resulting in a very sea intensive career and a general inability of these officers to serve in professionally broadening assignments, including joint duty.

Medical Accession Issues

The area of greatest concern is in the recruiting of Health Service Professional officers.

Medical recruiting goals were met for general physicians and Medical Service Corps overall, but fell short in certain specialties, and were not achieved for the nurses, dentist specialists and physician specialists (90% of the physician goal). The goal in FY-89 is higher as the medical growth missed in FY-88 has been added to the FY-89 goal. The Navy is committed to growing health care communities, but this growth is complicated by the national nursing shortage and by our difficulty in recruiting and retaining the correct physician specialty mix. While we have appointed only 29 percent of our medical officer goal and 17 percent of our nurse goal as of the end of April, we have a larger number of candidates either on board or being processed than we did at this time last year.

Achieving necessary medical growth will require a two-fold attack involving both recruiting and retention. Significant initiatives being considered and underway include:

* Increasing medical department officer recruiters from 30 to 93.
* Establishing education accession programs for nurses.
* Opening ROTC to nurses.
* Increased retention bonuses for physicians.
* Strengthened graduate medical education programs.
* Physician Assistant commissioning program.
* Expanding the Physician Assistant program.
* Increased Armed Forces Health Professions Scholarship Program quotas, HPSP quotas for Nurses, and active duty service obligation.
* Full time out of service specialty training.

We are constantly seeking innovative ways of enhancing the attractiveness of military service in order to encourage skilled and experienced health professionals to join the Navy. For example, we know of several established medical specialists who would serve in the Navy right now, were it not for the staggering malpractice insurance tail they would be forced to pay even after leaving private practice. We are considering a proposal that would permit these doctors to liquidate this tail by means of an accession bonus in return for a long term commitment to the Navy. Similarly, we are considering proposals which would encourage nurses to join the Navy by an accession bonus and payment towards their education in return for naval service. Such programs would permit us to offer more service in our medical treatment facilities, with their cost more than offset by savings in CHAMPUS or contract care.

The nationwide shortage of nurses has forced the Department of Defense to address aggressively the recruitment and retention of professional nurses. The reduced number of nursing students and the increasing number of nurses leaving hospital-based nursing are intensifying the competition for the military services to recruit and retain nurses. The Navy fell short of its FY-88 Nurse Corps recruiting goal by 141 (235/376) and is facing a goal of 416 in FY-89. Creative measures are required for the DoD to obtain a market share of nursing candidates.

FY89/90 Recruiting Market/Resources. The increasing complexity of Navy's systems and of the maritime environment demands high quality personnel. Incidents such as the mass conflagrations on the USS STARK and the USS SAMUEL B. ROBERTS make it clear that today's Navy requires quality in depth. The gap between military and civilian sector wage growth combined with the declining pool of military eligible youths make this quality harder to achieve from the population at large.

In an attempt to reduce requirements, emphasis is being placed on changes we can make to reduce recruiting needs in the out years.

The Youth Attitude Tracking Surveys show that propensity of youth to join the Navy is declining relative to the other Services. Navy's advertising surveys show that potential enlistees see the Navy as a "low tech" service, offering limited training, and whose mission is not understood. Dispelling these misperceptions will take a sustained public awareness effort.

The FY-90/91 Navy Advertising programs are designed to highlight Navy as a potential and desirable employer for quality youth. This will be accomplished through a multi-media campaign targeted to the markets we need to recruit in, including medical, minority and nuclear. We must rebuild Navy's image and maintain it with a sustained level of Navy-specific advertising during the difficult recruiting years ahead.

In 1989 the Navy added 382 enlisted recruiters and 63 medical recruiters who should be in their assignments by fourth quarter FY-89. However, recruiters alone cannot break the present cycle of work force and direct ship recruiting. In constant dollars, our FY-90 budget restores FY-88 purchasing power for recruiting. This is essential to provide adequate support for recruiters in the field. In addition, Navy College Fund has been revamped to provide an incentive to attract high quality recruits for technical, sea intensive and medical ratings. The program provides for an eight year enlistment (4 active plus 4 IRR). Your support of this minimal cost program ($9.3M) is requested.

Enlistment Bonus. The Enlistment Bonus (EB) program is the most cost effective method of attracting high quality personnel into designated critical skills. Enlistment Bonus enhances accessions in ratings that are mission critical, have recruiting shortfalls, and are historically undermanned. Eighty percent of the more than 18 million dollar FY-90 EB budget is the means by which we will attract 5000 Nuclear Field accessions. EB enables us to obtain additional obligated service from the 6500 personnel entering with the specific intent of learning skills which require advanced technical training and provides for the technical Navy of the 1990's.

Navy Recruiting Study

One of our top priorities is to ensure that the Navy remains competitive in recruiting quality sailors during a time of high private sector employment and a declining recruitable youth population. To accomplish this priority we recently conducted a study headed by VADM Joe Metcalf, U.S. Navy (Retired) in order to develop a long range plan for Navy Recruiting. One of the primary objectives was to determine the ideal organizational structure and manning requirements, top to bottom, for the Navy Recruiting Command. The plan also addresses ways to maintain the Navy Recruiting Command on a solid footing from a budgetary, marketing, training and leadership standpoint.

RETENTION - "The Third Variable"

Enlisted Trends/Projections. One of our greatest and continuing challenges has been retaining quality personnel. As shown in Figure 2, we have continued to do well but have not achieved the high career retention rates of FY-83. Retention has slowly continued to decline since FY-84 due to a strong economic recovery and concurrent increases in civilian employment opportunities. Many of the large FY-84 accession base reenlistment eligible opted to pursue civilian employment.

FIGURE 2

ENLISTED RETENTION TRENDS FROM 1983 THROUGH MARCH 1989

TERM	FY-83	FY-84	FY-85	FY-86	FY-87	FY-88	OCT 88- MAR 89	GOAL FY-89
1st	55.7%	58.0%	54.6%	57.4%	55.2%	54.2%	59.3%	58.5%
2nd	65.4%	64.4%	63.9%	64.1%	61.2%	61.1%	63.8%	63.8%
3rd	96.6%	94.9%	93.4%	93.6%	92.4%	92.0%	92.9%	92.2%

Selective Reenlistment Bonus (SRB). As in past years, the FY-90 SRB budget is targeted to those skills where we have a significant retention problem and where training and replacement costs are high. On the average, each dollar invested in SRB offsets two and one half dollars in future training and replacement costs. SRB is the one program which can be utilized to target those critical skills most in demand in the civilian sector. As long as the strong civilian economic climate and increased employment opportunities continue to attract Navy personnel who no longer desire to face the hardship of sea duty, SRB will continue to be a primary retention incentive.

Officer Trends/Projections. Retention of surface, aviation and medical officers experienced modest declines in FY-88. Figure (3) displays cumulative continuation rates and FY-89 goals for selected officer communities. Our retention concerns focus around officers who are the most difficult to replace due to their high training costs: pilots, nuclear trained officers, and physician specialists. The Medical Officer Retention Bonus, Nuclear Continuation Bonus, and Aviation Continuation Pay are powerful tools to efficiently target shortages and allow us to effectively address retention problems in those communities. Continued congressional support for these bonus programs is critical if FY-89 retention improvements are to be realized.

Additionally, the Navy continues to address job satisfaction factors such as the quantity/quality of flight time for aviators, increased professional technical and administrative support for physicians, and Personnel Tempo policy (i.e., time spent away from homeport). The fact that pilots, nuclear trained officers and Medical Corps officers receive expensive and exceptional professional training in their respective fields, makes them a sought after resource in civilian industry. Only through a combination of competitive compensation, more efficient management, and improved quality of life measures can we effectively meet the growing demand from the civilian sector for these sought after officers.

FIGURE 3

OFFICER RETENTION (Note 1)

CUMULATIVE CONTINUATION RATES (CCR)

3 TO 12 YEARS OF SERVICE

	FY-85	FY-86	FY-87	FY-88	Goal FY-89
Surface	32%	26%	32%	30%	41%
Pilot	29%	28%	31%	29%	41%
NFO	54%	51%	56%	55%	43%
Nuclear Submarine	35%	26%	29%	29%	37%
General URL	26%	25%	25%	29%	31%
Medical Corps	33%	46%	38%	36%	42%

Note 1: CCR retention rates are a probability statement that personnel with 3 through 12 years service will remain on active duty. The table reflects the percent of expected retention of officers in this "window" during each fiscal year.

Pilot Retention/Inventory SITREP. One of our greatest challenges is the retention of our highly skilled pilots. Commercial airlines are recruiting military aviators aggressively. A small retention decrease in FY-88 increased lieutenant and lieutenant commander shortages to over 1500 officers, primarily in tactical carrier aviation and land based aviation communities. The Navy has compensated for this shortage by further decreasing the number of pilots filling staff billets ashore. Additionally, fewer pilots are receiving post-graduate education and instead are assigned from sea duty to high-tempo shore assignments at training commands and Fleet Readiness Squadrons. Currently only 5.6% of our pilots, ensign through lieutenant commander, are assigned to non-flying positions. While this is the most efficient way to utilize our limited pilot resources, this policy limits both the officer and the Navy. Many critical staff and joint duty assignments normally filled by pilots will be filled by officers without the valuable aviation experience and background desired. For the pilot the net result is a loss of flexibility in meeting his or her varied career goals. This fact is not lost on them and becomes a retention detractor, further exacerbating the pilot retention problem.

The Navy continues to meet these challenges with new programs and enhancement of existing proven retention incentives. Stabilizing operational tempo, improving liberty ports, reducing administrative paperwork and maximizing quality flying time are all measures used to help keep our pilots in the service. While important, these efforts alone do not generally compete successfully with the pay and stability (family and geographic) offered in the civilian sector, especially within the airline industry.

Airline deregulation set into motion the rapid expansion of the industry and an unprecedented demand for trained pilots. The airlines have become more aggressive and less restrictive in recruiting new pilot hires (see Figure 4). Age, vision standards, flight hour experience and college degree requirements are either relaxed or waived. According to sources at Future Aviation Professionals of America (FAPA), an ex-military jet pilot has no difficulty finding employment at any major airline. While not all pilots leaving the service work for the airlines, this ready job market makes the switch from the military to the civilian sector less risky and offers the prospect of ready employment.

FIGURE 4

AIRLINE HIRING TRENDS

CY	HIRES	EX-MILITARY	% MILITARY
1980	837	695	83%
1981	1330	944	71%
1982	843	590	70%
1983	2186	1301	60%
1984	5137	2054	40%
1985	7904	3700	47%
1986	6787	3007	44%
1987	7165	2867	40%
1988	6683	UNK	UNK

The Aviation Continuation Pay (ACP) program authorized by the 100th Congress has improved retention. During the first four months of the program, we have achieved over 50 per cent of our projected long term pilot contracts for all year groups, and just over 40 percent of the pilot contracts required for the most critical year groups.

Nuclear Officer Retention/Inventory SITREP. One of the most serious officer manning problems facing Navy is the shortage of senior, experienced nuclear trained officers. There is currently an inventory shortage of 568 (30%) out of a requirement for 1919 nuclear trained submarine officers in the ranks of Lieutenant Commander through Captain. These officers are required at sea as commanding officers, executive officers and department heads, as well as for key fleet support billets ashore. The Navy has reason for guarded optimism, however, in this critical manning area. In FY-88, the Navy retained 45 percent of the nuclear trained submarine lieutenants passing through their minimum service requirement window. While retention of 55 percent of this group was needed to provide enough submarine department heads to support the desired submarine officer career path, 45 percent represents a 6 percent increase from the previous year and reverses a 2 year downward trend in retaining this highly sought after group of officers. With this improved retention we anticipate being able to reduce the nuclear submarine officer shortage to 15 percent of requirements by FY-97.

Nuclear Officer Incentive Pay. Nuclear Officer Incentive Pay (NOIP) is a vital tool needed to correct the long term shortage of nuclear trained officers. NOIP allows us to maximize both officer accessions and retention by providing an accession bonus for new selectees to nuclear propulsion training and a career bonus to those officers who remain on active duty past their minimum service requirement. The increase in the NOIP Continuation Pay (COPAY) contract level from $9K to $10K (authorized ceiling $12K) in December 1987 was a major factor leading to the increase in retention of submarine lieutenants in FY-88. The current authority for NOIP expires on 30 September 1990. We are asking the Congress to grant a five year extension of the current NOIP authorization.

Spot Promotions. Because of the shortage of experienced, engineering trained officers needed to meet validated requirements, Navy, under temporary authority, continues to assign some exceptional lieutenants to certain essential lieutenant commander engineering billets. This shortage is most acute in the nuclear trained officer communities, but SPOT promotion is also required in the conventional surface warfare officer community. The Navy recognized the increased responsibility entrusted to these select officers by temporarily (SPOT) promoting them to lieutenant commander. An officer loses his SPOT promotion status when he leaves the qualifying billet. The SPOT promotion is a significant incentive and retention tool for motivating the Navy's best officers to seek these particularly difficult assignments.

The Navy has reviewed several alternatives to SPOT promotion, such as the use of additional special bonuses or forming a new specialized group of officers to man our toughest engineering assignments. Each of these alternatives is more costly and less attractive from a personnel management standpoint than SPOT promotion. SPOT promotion is a virtual no cost management tool in that all promotions occur within statutory grade ceiling and it is only used when needed. The current authority for SPOT Promotion expires 30 September 1989. Because of the long term nature of the nuclear officer shortfall, Navy is pursuing legislation for the enactment of permanent SPOT promotion authority for these officers.

Medical Profession Officer SITREP

Blue Ribbon Panel Recommendations. Efforts to improve the quality and responsiveness of Navy medicine reflect its importance relative to top readiness, quality of life and retention. A Department of the Navy Medical Blue Ribbon Panel convened in May 1988 to recommend actions that would improve access to Navy military treatment facilities for all beneficiaries, decrease the Civilian Health and Medical Program of the United States (CHAMPUS) bill, and revitalize Graduate Medical Education. The Panel's Manpower, Personnel and Training task force completed a detailed manpower assessment, and more than 70 specific action items are being implemented in the areas of medical recruiting, compensation, retention, training, leadership and force management. Aggressive actions (which are discussed later in greater detail) are underway to improve medical recruiting and retention. Competitive compensation plays a vital role in these areas, but much can be done to make more effective and efficient use of medical resources currently available. There has been extremely close coordination between the Department of the Navy personnel and medical staffs to implement the varied provisions of the Blue Ribbon Panel report as quickly as possible, and progress is being made in numerous critical areas.

Medical Officer Retention Bonus. The Navy has a continuing need to retain adequate numbers of high quality Medical Corps officers to support the increasing demand for medical care access from active duty, dependents, and retirees. The FY-89 Medical Officer Retention Bonus was developed as a stop-gap measure to retain unobligated, specialty trained physicians until legislation for a new physician compensation plan, designed to attract and retain physicians on active duty, could be developed.

The Medical Officer Retention Bonus was originally targeted toward the physician groups with the largest pay differential between military and civilian net income. These are the groups where, in general, the greatest personnel shortages occur. It has now been expanded to include physicians in primary care specialties (Internal Medicine, Pediatrics, Psychiatry, Pathology, Neurology, Family Practice, Occupational and Preventive Medicine, Aerospace and Undersea Medicine) where differentials from the civilian sector are less, but where the need is no less acute. We are seeing positive reaction to the bonus across all categories of physicians.

The FY-89 Medical Officer Retention Bonus will help close the military-civilian physician pay gap in most specialties. It will also convey a signal to Navy physicians that the Navy and Congress are committed to improving conditions in military medicine.

However, we still need additional long-term modifications to the medical officer compensation system to ensure the Navy maintains the ability to provide quality health care. In devising a new medical compensation program for FY-90 and out, a study group looked closely at the successful 1980 legislation, current peacetime and wartime requirements, medical officer retention trends, compensation levels for civilian physicians, and environmental factors affecting military physicians' stay/leave decisions, and has developed legislative proposals.

Attrition Study. Based upon behavior currently observed, attrition of first term enlisted personnel prior to the completion of their initial enlistment represents a significant burden on Navy's manpower system. Despite higher recruit quality over the past few years, our projections indicate that four out of every ten sailors could attrite during their first enlistment. The projected shrinkage in the recruiting pool coupled with a period of constrained budgets makes it mandatory to reduce these unprogrammed losses to acceptable levels. A First Term Attrition Task Force recently examined the reasons why sailors leave the Navy early to see where Navy-wide and command level policies and programs are not working as intended. Their findings revealed that the causes for attrition range from difficulties in psychological adaptability, poor educational background, and medical factors, to command leadership climate. We will be aggressively re-evaluating basic training in terms of both length and curriculum, ensuring we are equipping new arrivals with the basic skills and knowledge they need to function in their designated rating, and through refocused leadership, bringing a proper balance between technical/system demands and human needs in our commands. We will make whatever policy changes are prudent and necessary to reduce first term attrition and preserve combat readiness.

RESERVE FORCES

Reserve End Strength. The Naval Reserve FY-90 end strength request is for 153,400, an increase of 800 over FY-89, and 155,000 in FY-91, an increase of 1600 over FY-90. This includes 22,708 full-time active duty reservists in FY-90 and 23,565 in FY-91. This is the minimum number of personnel necessary for the

Naval Reserve to fulfill its expanding role, to man new ships, mine countermeasures support, and medical support programs.

SELRES - Officer/Enlisted. Manning requirements in Naval Reserve Force ships and medical programs are increasing while requirements in Maritime Air Patrol squadrons are decreasing. During FY-90 there is a net increase of 83 drilling Reservists specifically to accommodate the increasing manning requirements in NRF ships and Naval Reserve medical programs as follows:

130,609	FY-89 paid drilling Reservists
+352	NRF ships
+271	Medical
-540	Maritime Air Patrol squadrons (VP)
130,692	FY-90 paid drilling Reservists

Full Time Support - Officer/Enlisted. In FY-90 there is a growth of 717 Full-Time Support (FTS) active duty reservists, and in FY-91 an additional growth of 857. These are Training and Administration of Reserve (TAR) personnel programmed to man and support the Naval Reserve force ships and Shore Intermediate Maintenance activities. FTS personnel are a necessary requirement within the Navy Reserve force for several reasons. The number of Selected Reservists who require training and administration has grown by over 50 percent in the past eight years. The number and level of skills needed by individual reservists has increased as a result of increasingly complex fleet equipment and due to training initiatives which have more accurately defined skill requirements. This in turn has necessitated that drilling reservists spend the maximum amount of time in training, and that FTS personnel assume nearly all drill unit administrative functions and provide more training during drills than in the past.

Additionally, the growth of 717 requested in FY-90 is for FTS/TAR personnel required to support the proposed transfer additional Frigates, one LST, and one MCM-1 class mine counter-measure ship into the reserve surface inventory. Figure 5 summarizes our Reserve Force end strength amended request:

FIGURE 5

RESERVE FORCE END STRENGTH

	FY-89	FY-90	FY-91
Paid Drill	130,609	130,692	131,435
- Officer	26,796	26,924	27,221
- Enlisted	103,813	103,768	104,214
Full-Time Support	21,991	22,708	23,565
- TAR Officer	1,885	1,923	1,965
- TAR Enlisted	18,396	19,075	19,890
- Sect. 265 Officers	233	233	233
- ADSW Officers	185	185	185
- ADSW Enlisted	1,292	1,292	1,292
Total End Strength	152,600	153,400	155,000

NRF Improvements FY-88/90

Surface and Air. The strong support for Naval Reserve programs by Congress, the Secretaries of Defense and Navy, and the Chief of Naval Operations is clearly justified. With more than 50 aircraft squadrons and one out of every 12 Navy ships by the 1990's, the Naval Reserve will rank among the largest Naval forces in the world. Naval Reserve ships and aircraft are being modernized at an accelerated pace, improving Reserve warfighting capabilities and equipment compatibility with the active components of the Navy. Naval Reserve ships coming into the Reserve force are shown in the Total Force Report provided annually to the Congress.

Naval Reserve Force (NRF) ships are generally manned at a level equivalent to approximately sixty percent active duty personnel and forty percent inactive duty Naval Reservists. The sixty percent active duty personnel is further broken down into half regular Navy and half Full Time Support (FTS/TAR) personnel. Full Time Support and regular Navy personnel manning levels are satisfactory, including those collocated at maintenance facilities to assist in Naval Reserve Force routine daily maintenance. The Selected Reserve (SELRES) manning levels average 80%. Naval Reserve Force ship readiness levels are on par with active ships and, with few exceptions, are configured with the same equipment.

We face a challenge in recruiting and retaining the FTS/TAR and SELRES personnel in the correct numbers and skill mixes to man the expanding NRF. TAR first term retention currently lags far behind retention of USN personnel. A key reason is the fact that they are not eligible for Selective Reenlistment Bonuses (SRB) which is such an essential element in active force retention. We need to improve this retention and will be proposing legislation which will authorize SRB for FTS/TAR personnel.

We also need to take steps to reduce the turnover of SELRES personnel assigned to NRF ships. The FY90/91 legislative contingency fund includes provision for establishment of a USNR Fleet Pay ($10 per drill) as a means of stabilizing the SELRES component of NRF ships and reducing re-training generated by the high turnover rate.

The Naval Air Reserve consists of 52 aircraft squadrons which mobilize to the CINCs. Squadron augment units train in RESFORON, FRS, and fleet squadron aircraft and mobilize to fleet squadrons. Naval Reserve Force squadron composition is contained in the Total Force Report provided annually to the Congress.

CIVILIAN MANPOWER

Strength Issues. Navy's civilian work force continues to be an essential element of the Total Force structure. Most civilians are employed in activities which directly influence our readiness posture. About half of the work force is at Industrial Fund activities, most of which perform depot level maintenance and repair of ships, aircraft and associated equipment. Civilians employed at Operation and Maintenance activities such as supply centers, ship repair facilities, and fleet air stations also contribute directly to operational readiness. Other civilians provide essential support in such functional areas as medical, training, and the engineering, development and acquisition of weapons systems. All these areas have an impact on readiness.

Navy civilian manpower estimates have been structured to assure responsible execution of the Department's programs in the context of a constrained fiscal environment. The estimates reflect a decrease of over 5,500 in FY-90 and an additional decline of 1,500 in FY-91. Our current Navy civilian end strength estimates are 323,669 in FY-89, 318,099 in FY-90 and 316,594 in FY-91. The estimates incorporate reductions of 3,200 in FY-90 and 1,700 in FY-91 for savings anticipated as a result of commercial activities studies to be performed in accordance with OMB Circular A-76.

Additional workload savings are anticipated from changes at our industrial depot maintenance activities, shipyards, ordnance activities and aviation depots. The budget provides additions of 700 end strength in FY-90 and 800 in FY-91 to support homeporting and the new TRIDENT base at Kings Bay, Georgia. Also, additions for medical support are 396 in FY 90 and 65 in FY 91. Additionally, increases of 700 civilians in FY-90 plus another another 700 in FY-91 are programmed, for conversion of some contracted advisory and assistance services to in-house support to reduce the risk of disclosure of sensitive procurement documentation. Examinations by the Naval Investigative Service and the Navy Inspector General show that the current level of contractor involvement in the acquisition process represents an unacceptable risk to the integrity of the process.

During FY-89, we will continue to responsibly manage civilian employment as a resource linked to program, using the flexibility provided by congress in waiving the statutory endstrength ceiling. Our "Manage to Payroll" program has proven an effective tool for executing the approved budget and, where deviations from the original plan are necessary, it provides an explanation and justification on a programmatic basis.

Manpower Requirements Determination at the Systems Commands (SYSCOMS). The Navy has recently re-evaluated the use of contractual assistance to perform basic governmental functions during the acquisition process and has decided that conversion of such support to in-house performance is essential to maintain the integrity of the competitive process and can be accomplished within current budgeted Contract Advisory and Assistance Service (CAAS) resources, with no increase in cost. Conversion reflects a realignment of funding and cumulative increased civilian end strength of 238 in FY-89, 975 in FY-90, and 1,719 in FY-91.

In support of the above initiatives, the acquisition commands are determining their manpower requirements/resource mix and realigning internal organizational structures, via the efficiency review (ER) process. This zero-based process performs in-depth organizational analyses to improve methods of operations and establishes manpower requirements based upon the most efficient methods of performing assigned taskings.

Reconversion of Trainer Aircraft Maintenance Support. In FY-89, the House Armed Services Committee recommended that organizational or intermediate level maintenance functions for trainer aircraft which have been converted to contract since 1 January 1985 be converted back to performance by active duty military personnel. From 1978 through 1989, Navy will have effected almost 4,600 conversions (1,900 since 1 January 1985) from military to civilian contracts for trainer aircraft maintenance. This has allowed us to dedicate manpower with vital aviation maintenance skills to fleet duties supporting a growing force structure. We continue to oppose this type of legislative provision which would drain fleet manpower and require that maintenance personnel be retrained to maintain a variety of non-fleet aircraft.

Requirements Determination

Shore Requirements. The revised Shore Requirements Determination Process is on track and all milestones are being met. Authority and responsibilities are assigned, implementing directives issued, and training of analysts has begun. A five year schedule has been completed and resources allocated by the major manpower claimants to conduct Efficiency Reviews (ER's). Claimants have commenced their initial ER studies. By the end of FY-90, 20% of the shore population will be covered by ER's. By the end of FY-94, all shore, civilian and military manpower requirements will be validated.

Ship/Squadron Manpower Document Validation (SMD/SQMD). The Navy's SMD/SQMD programs were audited in March 1986 and May 1987, respectively, by the General Accounting Office, which examined all of the Navy's fleet manpower requirements determination processes. The DoD Inspector General agreed that Navy's corrective actions on GAO Report NSIAD-86-49 (Ship Manpower Document Program) had been institutionalized within the program. The SMD program audit follow-up was closed by the DoD Inspector General on 14 May 1987 and 55% percent of the one remaining SMD action item (workload accuracy revalidation) recommended in the GAO audit has been completed. The remaining workload accuracy revalidations will be completed by September 1991.

In October 1987, the Squadron Ground Officer Staffing Guide was approved in response to recommendations made in the May 1987 GAO Report NSIAD-87-101 (Squadron Manpower Document Program). We have placed existing Aircraft Squadron Staffing standards on a triannual review cycle which is another positive action taken to implement the GAO recommendations. Thirty-seven percent of the one remaining SQMD action item (workload accuracy revalidation) has been completed. The remaining workload accuracy validations will be completed by September 1991.

Our actions to enhance the validity and currency of the SMD/SQMD programs have improved the standards application process and help to ensure that the Navy continues to use credible systems for determining fleet manpower requirements.

Manpower Research and Development. The Navy's research program is developing new technology to design effective man-in-the-loop systems. Computerized Psychomotor skill assessment has shown promise toward improvement of our assignment procedures. We expect the interactive nature of computer based training with enhanced graphics to provide training realism while vastly improving training assessability on-board ships, at pierside and at remote sites as well as for reserves around the country. We are working on techniques to simulate and integrate state of the art sensors in our training devices. Early man-in-the-loop prototyping of system designs is expected to yield hardware systems with greatly enhanced overall combat effectiveness. Continued support is necessary to ensure we develop and utilize advanced technology, especially where potential for cost savings exist.

Permanent Change of Station Program. Among the unpalatable but necessary actions we took in FY-88 in order to stay within our MPN budget was the delay in permanent change of station moves by two to four months for a large number of our sailors. The FY-89 program is adequately funded, and we can execute all required moves within the funding appropriated. The FY-90/91 move programs are based on an analysis of move requirements. These requirements represent the minimum number of moves necessary to support the programmed force and provide for the orderly worldwide manning of the fleet. Our requirements also reflect a 14.9 percent decrease in our operational, rotational, and training (O/R/T) moves since FY-86. This reduction is the result of numerous policy changes which have been implemented over the past five years.

The requirements determination process represents the first analysis of our O/R/T move program in which we have a high degree of confidence. Although the analysis methodology is presently constrained to the short-term, we are completing development of a model for longer-term projections.

The Navy instituted all of the policy changes identified in the FY-86 DoD PCS Study and all of the overseas tour length changes identified in the October 1986 DoD Report to Congress. We have also instituted numerous Navy-specific management actions to reduce O/R/T requirements. These policy actions include maximizing the number of no-cost and low-cost moves, standardizing the assignment of enlisted sea/shore rotation dates and officer career progression tour lengths, and encouraging members to serve consecutive tours overseas.

As a result of our aggressive actions, the average O/R/T tour length has increased by about 20 percent since FY-86 to more than 50 months between fully-funded PCS moves (i.e. not including low and no-cost moves within the same location such as sea-shore rotations within the same homeport). The Navy cannot support any additional funding, policy or procedural changes which will further increase this average tour length. Any additional changes will require us to trade longer tours at sea for PCS dollar savings. This will result in a negative impact on morale and retention because of increased family separations. (Family separation remains the most frequently cited reason career sailors leave the service). This, in turn, will result in our most talented and experienced personnel leaving the Navy -- thereby reducing our overall readiness.

Progress in implementing Goldwater-Nichols Joint Officer Management. During FY-88, the Navy made substantial progress toward full compliance with Title IV of the Goldwater-Nichols DoD Reorganization Act of 1986. The Navy's first Joint Specialty Officers (JSO) have been designated, joint tour length averages are increasing and are in compliance with Title IV (as revised by the FY-89 Authorization Act), the Joint Duty Assignment List (JDAL) fill rate is higher than the legal minimum, and Critical joint billet assignments are improving steadily with time. Promotion statistics within the joint arena will continue to show improvement as the present officer assignment practices under the provisions of Goldwater-Nichols bear fruit. Promotion rates are expected to improve further as future selection boards consider those officers assigned after the implementation of Title IV provisions.

Specific examples of the Navy's progress toward full compliance include:

- Three JSO selection boards during FY-87 and FY-88, which identified 2880 Joint Specialty Officers.
- Average tour lengths for all officers who were

reassigned from joint duty assignments in FY-88 was 38.8 months, which is greater than the 36 month tour average required under the FY-89 provisions of the law.

- The Navy filled 53.5% of the Navy Joint Duty Assignment List (JDAL) billets with Joint Specialty Officers (JSO) or Joint Specialty Officer Nominees (JSO NOM), exceeding the mandated 50% fill requirement.
- The Navy increased the JSO assignments to critical billets from 22.8% to 56.7% by year end. Although this falls short of the original Title IV required 100% fill of joint critical billets by Joint Specialty Officers, the FY-89 Authorization Act now permits transfers to occur at the incumbents' normal rotation date.
- The Navy exceeded by almost 10% the requirement to assign greater than 50% of JPME graduates directly to joint duty assignments.

Naval officers now being assigned to student billets at National Defense University (NDU), as well as those assigned to the Joint Staff, are true front runners either screened for or possessing the proven potential to screen for command. Assignment initiatives such as these reflect not only the high caliber of officers being assigned to joint duty tours, but also the emphasis and importance the Navy is placing on joint service.

PERSONNEL READINESS INDICATORS AND TRENDS

Personnel Readiness. Navy personnel readiness declined slightly in FY-88 compared to the upward trend which has existed since 1982. Although aviation personnel readiness improved due to an increase in first tour pilots and the stand-down of Carrier Air Wing TEN, personnel readiness overall decreased during this fiscal year. The primary factors associated with this decline were the funding constraints that forced enactment of the voluntary and involuntary Early Release Programs. Of those eligible during the period of the Early Release Programs, over

14,700 personnel were separated early. These early release programs were directly responsible for the drop in fleet unit personnel readiness. Fleet Commanders, in order to maintain minimum readiness requirements at sea, were forced to implement personnel cross-decking, Temporary Additional Duty (TEMADD) assistance, and personnel divert policies. These programs allowed most deployed units to remain in the C1/C2 category; however, continuity within individual fleet units was disrupted. The majority of affected units experienced a drop from C1 to C2, or from solid C2 to marginal C2. No deployed fleet units reported below the "safe to operate - ready for deployment" limit of C3.

The level of funding appropriated for FY-89, and full funding of our FY-90 MPN budget request, will permit us to execute our personnel programs without the need for such disruptive measures as were experienced last year.

Women in the Navy. The Navy has made considerable progress in expanding career opportunities for women during the past year. During FY-88 Navy continued to increase the number of women, achieving a total of 9.2 percent of enlisted end strength. This percentage will increase to 9.6 percent by the end of FY-91. The percentage of officers will grow from 10.1 percent in FY-88 to 10.6 percent by the end of FY-91.

The Navy has been aggressively implementing the recommendations from the 1987 Navy Report on the Study of Progress of Women in the Navy. Our progress at reducing and eliminating sexual harassment has been praised by the Defense Advisory Committee on Women in the Services. We continue to strive to resolve, and are making progress toward, many Quality of Life issues, including childcare, women's uniforms, women's recreation facilities, and habitability.

The Navy's most significant progress has been in career opportunity improvements for women. Eighty-four of the 102 enlisted ratings are now open to women. Eighteen ratings are closed to women because billets in these ratings are almost exclusively in combat ships and squadrons or because the small number of billets available outside combat units do not provide a viable career path. For the same reasons, two officer communities, Submarine Warfare and Special Warfare, are also closed to women.

Enlisted women have been placed on sea/shore rotation patterns similar to their male counterparts to increase their career opportunities. In most cases, our General Detail sailors may now freely choose the occupation they wish to strive for and compete for advancement, knowing in advance what the projected advancement opportunities will be. We continue to emphasize and women continue to seek careers in sea intensive skills. In FY-88, female attendance at "A" schools increased 11.3 percent, with attendance at sea intensive "A" schools increasing by 49.8 percent. FY-89 quotas for women attending "A" schools have been increased by 11.1 percent over FY-88, and in most ratings to date this year, we are filling the school seats.

Navy efforts have also been directed towards increasing opportunities of our female officers. Both the Surface Warfare and the Aviation Warfare communities have increased the number of women that will be able to join these warfare specialties. We have improved the career path opportunities for women already in each community, including the first female Surface Warfare Officer to be selected for command at sea, and the first two Aviation Warfare Officers scheduled to assume command of aviation squadrons. We have established formal screening boards for Restricted Line and Staff Corps Officers for positions of Commanding Officer and Officer-In-Charge, ensuring their opportunity to be selected for assignment to these critical leadership positions.

As the number of women in the Navy grows, so too will the number of women serving at sea. There were 5,946 enlisted women and 277 female officers serving on 76 ships and afloat staffs at the end of March 1989. By the end of March 1989 we had 197 female pilots (including trainees) and 80 Naval Flight Officers (including trainees). Title 10, U.S.C., Section 6015, prohibits permanent assignment of women to ships or aircraft engaged in combat missions. The Navy revised its combat mission definition in FY-89, and reevaluated those units previously closed to women. This resulted in the opening of 24 Combat Logistics Force ships, two Shore Based Air Reconnaissance Squadrons and two Underwater Construction Teams for the permanent assignment of women. By the end of FY-88, we had 55 women serving onboard five Combat Logistics Force ships, with these numbers projected to increase to 379 women serving onboard 15 Combat Logistics Force ships by the end of this year. In FY-88, women began training for assignment to the Shore Based Air Reconnaissance Squadrons. Some of these women have completed their training and are assigned to these squadrons in a flight crew status.

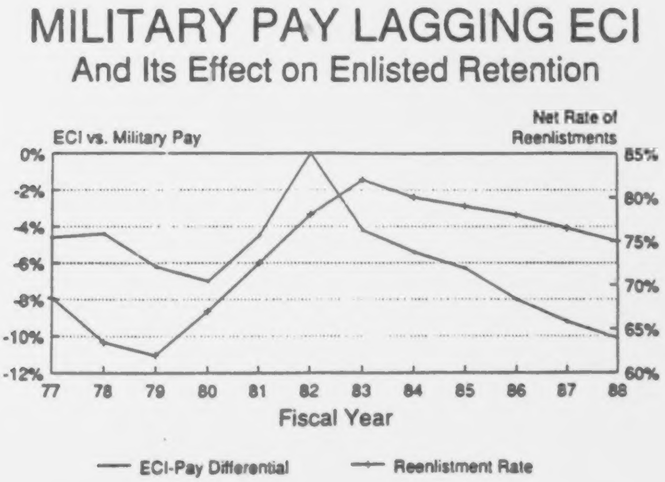
Navy is committed to expanding career opportunities to the greatest possible degree. Both officer and enlisted women are assigned to non-combat ships and to aviation support and training squadrons. Additionally, women are assigned to support billets in sea duty aviation squadrons, such as land based anti-submarine patrol squadrons.

Equal Opportunity Study. In June 1988, the Chief of Naval Operations (CNO) convened a study group to conduct a thorough review of accessions, attrition and other personnel management policies to determine which of these policies do not adequately support improved opportunities for minorities in the Navy. The study group's work is complete and virtually all recommendations have been approved by the CNO and are being implemented on a priority basis. These include revising the Command Managed Equal Opportunity Program, rewriting of the Navy Affirmative Action Plan, increasing equal opportunity training for all officers and enlisted supervisors, expanding upward mobility programs for officer and enlisted accessions, reinforcing equal opportunity training within the fleet and ensuring that minorities have an equitable opportunity for assignments.

QUALITY OF LIFE ISSUES

Military Pay vs. ECI. One of the most important personnel issues confronting the Navy today is the large pay gap between military and civilian wage growth. Pay caps from FY-83 through FY-88 resulted in a disparity of 11 percent as measured by the Employment Cost Index. The FY-89 pay raise, which ended a six consecutive year trend in which the military pay raise was less than civilian wage growth, slightly narrowed the disparity to 10.1 percent. In FY-90, a minimum pay increase of 3.6 percent will not appreciably close the gap. Any further increase in the pay gap is likely to return us to the unhealthy recruiting and retention climate we suffered in the early 1980s, when large "catch up" pay raises were required to return to parity. Figure (6) below illustrates a direct correlation between military pay lag from the Employment Cost Index and retention rates of career DoD personnel. The DoD request for a 3.6 percent across the board pay raise is absolutely essential. It will help our sailors maintain their standard of living and purchasing power, which will prevent our best and brightest from seeking employment in the civilian sector.

FIGURE 6



2nd and 3rd Term Reenlistments, all DOD

GAO Review on Adequacy and Timeliness of Overseas Station Allowances. During the past year the Navy has been working closely with GAO in their review of the adequacy and timeliness of the overseas housing allowance (OHA) and cost of living allowance (COLA) programs. We have been providing feedback as necessary, as well as having personnel in the European and Pacific theaters available for surveys and discussion with the auditors. The GAO findings, together with any recommendations for change, will be provided to the Committees on Armed Services of the Senate and House of Representatives.

Family Housing Allowance. The Senate Armed Services Committee Report on the FY-89 DOD Authorization Act requires that the Defense Department submit a comprehensive legislative proposal that provides for an equitable housing allowance system for all personnel. In fulfillment of the congressional requirement, the Navy is participating in a joint services study group established to analyze the military housing allowance system. Upon completion of the study this fall, appropriate legislation, as needed, will be considered.

Foreign Currency Fluctuation Account. Congress considered appropriation language last year which would have provided authority to apply assets from the Foreign Currency Fluctuations, Defense Fund to the military personnel appropriations. Such language is necessary to prevent taxing already tight military personnel accounts. This language would serve a mutual interest by obviating the need for continued future supplemental requests.

Variable Housing Allowance (VHA) Funding. The VHA program has not operated as intended for a number of years. The program was revised in 1985, housing cost growth increases were denied in 1987 and 1988, and ceilings were imposed for 1988 and 1989. The ceilings caused VHA rates to be artificially set at levels lower than provided for in the authorizing statute (37 U.S.C. 403a), thereby depriving our personnel of essential housing dollars. The result is that our personnel are frequently forced to accept undesirable housing or live apart from their families. Rental housing costs are going up faster than BAQ and VHA, and this is particularly true in the high cost areas of fleet concentration. The Navy strongly urges that the program ceiling be eliminated and that VHA dollar growth be allowed to coincide with housing cost changes, in accordance with provisions of U.S.C. 403a.

Extended Funding of Dependent Student Travel. The Dependent Student Travel program provides a once a year round trip for student dependents of personnel overseas to get them to/from the overseas duty station and school in the United States. The FY-88 and FY-89 DOD Appropriations Acts contained ceilings which reduced funds for the program. Funding ceilings on the Student Dependent Travel programs should be eliminated.

Sixth Quadrennial Review of Military Compensation (QRMC). Navy has reviewed and evaluated the recommendation of the QRMC and worked closely with the other services and the Department of Defense in the development of these recommendations. The report is now being coordinated with other interested agencies prior to presentation to the Congress.

HUMAN RESOURCES

Personal Excellence Program. Navy's Personal Excellence Program aims at: (1) helping Navy members improve their education, physical readiness, and personal values, thereby building a smarter, fitter, and more professional fighting force; and (2) developing partnerships with local communities to strengthen the education, health/fitness, and citizenship of young people, thus increasing the number prepared for entry into the nation's future work force. The Program's internal component provides an integrating framework for a variety of discreet incentives to stimulate our sailors' excellence. Examples include Tuition Assistance to support continuing education, the Health and Physical Readiness Program, and our "Core Values" initiative to promote integrity, professionalism, and Sea Service traditions. Our external effort focuses on the country's youth through Personal Excellence Partnerships which help young people prepare for their future through a "whole person" approach to education, health, fitness, and citizenship. A typical partnership is the "Adopt-A-School" arrangement in which Navy volunteers take part in activities such as academic tutoring, "fun runs", and school beautification projects. Such partnerships, along with the internal Navy efforts, will help chart a course toward personal excellence for all Americans.

NAVY HOUSING PROGRAM

Family Housing Request. The Navy budget request reflects a significant increase in the maintenance account. This increase of over 60 million dollars will be used to reduce the existing backlog of maintenance which has steadily grown over the years. The current backlog of maintenance is over 700 million dollars, which equates to over $10,000 per unit. Navy goal is to reduce this backlog to $2,000 per unit. To accomplish this goal Navy has reduced its New Construction MILCON in favor of repairing existing units.

In response to specific Congressional interest, the Navy is working closely with local school districts to identify the impact of any additional student input based on family housing projects. Coordination is accomplished in conjunction with environmental documentation required by law.

Adequate family housing is critical to the retention of a quality force. Revival of the Capehart Program, where reductions in member BAQ and VHA payments will cover the mortgage payments and provide more cost effective use of limited resources, is strongly supported. This action will enable Navy to make progress in decreasing the existing 20,000 unit housing deficit.

Bachelor Quarters. In another very important QOL area, Bachelor Quarters, we have increased our MILCON request significantly over 1989. Our FY-90 budget request is for $123 million, which will build 3868 spaces, and in FY-91, $121M for 3749 spaces. These are roughly double the dollar amount of the FY-89 program, and are a significant step towards reducing the 89,000 deficit of bachelor living quarters that now exists.

Morale, Welfare and Recreation Programs. Navy is actively adjusting its Morale, Welfare and Recreation (MWR) operations and funding approaches to make it more businesslike and customer responsive. Reprogramming of appropriated funds to MWR mission support and community activities is underway. Retention of the appropriated fund reimbursement procedure beyond 1 October 1990 is requested. Retaining this procedure costs nothing, and allows MWR to retain a single personnel system that optimizes upward mobility and career progression for our employees. I also ask that the appropriated funding cap, in effect since FY-87, be removed. We have realigned MWR funding categories as directed and have appropriated support of revenue generators under control Continuation of the cap is inhibiting increased funding in our mission support and community activities like child care and fitness programs.

Child Development Programs. There are over 29,000 Navy families with parents working that have children under the age of 5. The 113 Navy Child Development Centers and 65 certified Family Home Care monitors currently permit care of 15,000 children. We are actively pursuing such varied approaches as additional facilities, expanded Family Home Care, and institution of an information and referral service, to help meet the balance of the Navy's overall child care needs.

The current program emphasizes quality in operating standards, staff training, personnel qualifications, and employee screening. To overcome difficulties in recruiting and retaining trained personnel, we are establishing more full time positions, working toward higher salaries, and establishing career ladders for caregivers. We have 25 centers programmed for military construction funding through FY-94. We will be programming other centers beyond FY-94. We ask for continued support of these military construction requirements.

Naval Home. The Naval Home in Gulfport, Mississippi forms an integral part of the Navy's commitment to take care of our own. Through cost saving initiatives such as contracting out of food and laundry services, the cost to care for each resident has remained nearly constant since 1980. As a Navy shore command, the Naval Home is subject to chain of command inspections and oversight, and strict accountability of its resources. Mandated management policy changes which could destroy the unique naval character and traditions of the Naval Home should be avoided.

TRAINING AND EDUCATION

Training Issues

Safety of Navy Training. As a result of the death of Airman Lee Mirecki while undergoing Rescue Swimmer Training at NAS Pensacola, the Wisconsin Congressional Delegation asked the GAO to review Navy training safety. Their study looked into the corrective action taken by the Navy; the adequacy of the investigation conducted by the Navy following the Mirecki incident; and whether safety problems were present in other Navy training deaths that occurred since January 1986. The GAO report is currently under review and comment by the Department of Defense.

The Navy took the following actions to enhance safety in training following the Mirecki incident:

* Provided more comprehensive, standardized guidance regarding "drop on requests" and "training time outs" and mandated regular safety stand downs for high risk courses.
* Established more disciplined standards for the review and evaluation of curricula and actual instruction to ensure safety.
* Reaffirmed the importance of proper manning levels and quality instructors, training support personnel, and managers.
* Improved medical screening procedures.
* Improved management and safety of training equipment.

Management of Training.

Sequenced Training Plans. The goal of a sequenced training plan is to levelize training throughout an individual's career. The plan ensures that the right material is taught at the right time through the best instructional method. The training requirements are determined by fleet experts and presented in a single-source catalogue. Through these training plans we are weeding out unnecessary or redundant material and thereby improving training efficiency.

We have completed three warfare mission training plans and are nearing completion on two others. We have also initiated development of a Damage Control Training Plan and our first training plan for an Enlisted Rating (Operations Specialist). Each of these plans is a product of, by and for the fleet. For that reason we believe these plans will continue to offer solid improvement in our overall readiness and our tactical warfighting capabilities.

The process is new and still evolving. Implementation costs can not yet be estimated with certainty. We can predict, however, that to achieve life-cycle training efficiencies, the initial investment will be substantial, although off-set to some degree by weeding out the redundant and unnecessary. Funding the entire "path" of levelized training, from recruitment to retirement, will become absolutely essential to achieve life cycle savings. When presented for consideration, Congressional understanding that this "apparent" increase in training costs is instead a prudent "investment" yielding long-term dividends of training efficiencies is absolutely essential to the success of our program.

Education Issues.

Montgomery GI Bill. The Montgomery GI Bill has the personal attention of every commanding officer in the Navy; we particularly appreciate the "open period" which is giving sailors who chose not to enroll when they first entered the Navy an opportunity to reverse that decision. We have vigorously implemented the "open period", increased our recruiter involvement, and improved our presentations at recruit training. The Montgomery GI Bill is well received by our sailors, as evidenced by 71.8 percent of those eligible choosing to participate in FY-88.

All-Volunteer Force Educational Opportunities.

Feedback received from fleet and unit commanders indicates a high degree of interest in continuing opportunities to raise educational levels. Recent Defense Department studies show that participation in Voluntary/off-duty Education Programs (supported by Tuition Assistance) has a positive relationship on retention. For example, internal Navy studies show that personnel who participate in the Tuition Assistance Program are twice as likely to reenlist as those who do not. The Navy is sensitive to this relationship, and is committed to sustaining programs of educational opportunity for those in the naval service.

Navy Campus Participation - TA. Over 91,000 personnel participated in the Navy Campus Program in FY-88, despite budget cutbacks and reductions. The largest participation continues under Tuition Assistance, which helped to fund over 94,000 post secondary education courses for our members. We will spend just over $17 million dollars this year on Tuition Assistance. This is an excellent and well documented investment in our people. Every sailor benefits from your endorsement and support for education in the military. We must give our people who volunteer to serve their country every opportunity to raise their educational level.

Services to the Fleet - PACE. In partnership with the higher education communities, we are using the latest educational technology to deliver college courses to sailors on ships which cannot take a civilian instructor. PACE II is providing courses via interactive microcomputers. In this way, we can offer any deployed sailor an opportunity to continue his or her education.

SUMMARY

Your Navy is made up of men and women who are meeting our nation's commitments, day and night, 365 days a year. They shoulder their responsibilities willingly. All they ask is for modest recognition and an appreciation of their worth by such necessary, tangible benefits as decent compensation, reasonable sea/shore rotation, a chance to develop professionally, and an assurance that their families are cared for during extended deployments. We cannot afford to sacrifice their talents, their professionalism, their dedicated service, by fiscal decisions which may turn out to be penny wise but pound foolish.

Our manpower budget strikes a carefully honed balance to provide the quality Navy that America needs and deserves. Your continued support in meeting the tough challenges ahead is necessary to achieve this end.

APPENDIX A

The Military Personnel, Navy (MPN) Appropriation Request

The FY-90 MPN request is for an appropriation of $19,337,400,000 in obligational authority. This is a net increase of about $268 million from the current FY-89 funding requirement. The major factors include: an increase of 2,200 workyears ($45 million); annualization of 1 January 1989 pay raise ($177 million); 3.6% pay raise effective 1 January 1990 ($464 million); inflation ($22 million); and Military Service Social Security Wage Credits ($53 million). Partially offsetting these increases is a $589 million decrease in Retired Pay Accrual. For FY-91, $19,839,800,000 has been requested, an increase of $502 million over FY-90. This includes: a decrease of 559 workyears ($9 million); annualization of 1 January 1990 pay raise ($146 million); 3.2% pay raise effective 1 January 1991 ($406 million); and inflation ($21 million). Retired Pay Accrual decreases $68 million. The following paragraphs provide explanations on funding required for selected budget activities; and Chart A reflects funds requested for all six budget activities, as well as the percent of each to the total program.

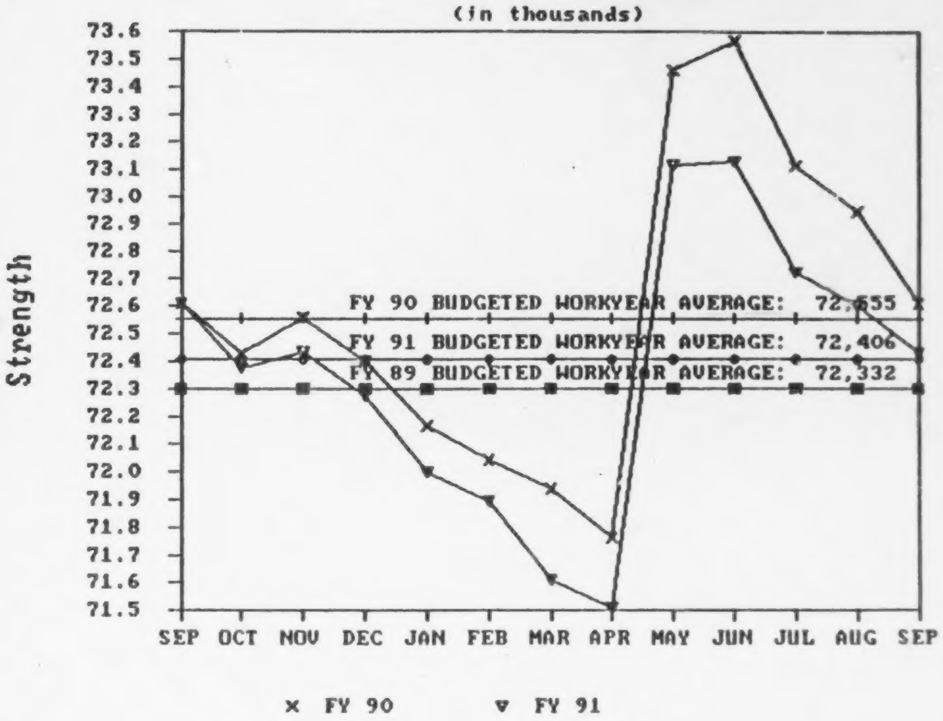
MILITARY PERSONNEL, NAVY DOLLARS ($000) BY BUDGET ACTIVITY

BUDGET ACTIVITY	FY 1989	$	FY 1990	$	FY 1991	$
PAY AND ALLOWANCES - OFFICERS	4,488,327	23.5	4,535,405	23.4	4,670,069	23.5
PAY AND ALLOWANCES - ENLISTED	13,143,284	68.9	13,284,047	68.7	13,612,047	68.6
PAY AND ALLOWANCES - MIDSHIPMEN	39,026	.2	40,294	.2	41,488	.2
SUBSISTENCE OF ENLISTED PERSONNEL	818,144	4.3	852,273	4.4	878,323	4.4
PERMANENT CHANGE OF STATION TRAVEL	540,966	2.9	576,873	3.0	588,798	3.0
OTHER MILITARY PERSONNEL COSTS	39,309	.2	48,508	.3	49,075	.3
TOTAL DIRECT PROGRAM	19,069,056	100.0	19,337,400	100.0	19,839,800	100.0
REIMBURSABLES	126,500		130,100		134,100	
TOTAL FINANCIAL PROGRAM	19,195,556		19,467,500		19,973,900	

CHART A

1. Pay and Allowances of Officers. $4,535,405,000 is requested to support planned officer strength in FY-90. This represents a net increase of about $47 million from the FY-89 level. $4,670,069,000 is requested in FY-91 (a net increase of about $135 million from the FY-90 level). These changes are attributed primarily to Basic Pay, Retired Pay Accrual, Basic Allowance for Quarters, Variable Housing Allowance, Basic Allowance for Subsistence and FICA. The funds required in this budget activity are based primarily on the monthly strength plans and resultant workyears indicated in Chart B.

FY 1990 AND 1991 OFFICER STRENGTH PLAN



2. Pay and Allowances of Enlisted Personnel. Planned enlisted strength will require $13,284,047,000 in FY-90. This represents a net increase of about $141 million over the FY-89 level. $13,612,047,000 will be required in FY-91--an increase of about $328 million. The largest increases are for Basic Pay, Retired Pay Accrual, Basic Allowance for Quarters, Variable Housing Allowance, Clothing, and FICA, which are the strength related items affected by workyear increase.

The funds required in this budget activity are primarily based on the monthly strength plans and resultant workyears as indicated in Chart C. Budgeted workyears in FY-90 are 1,554 below a "straight line" computation between the end strengths of FY-89 and FY-90. For FY-91, budgeted workyears are 1,463 lower than the FY-90 and FY-91 end strength "straight line" computation.

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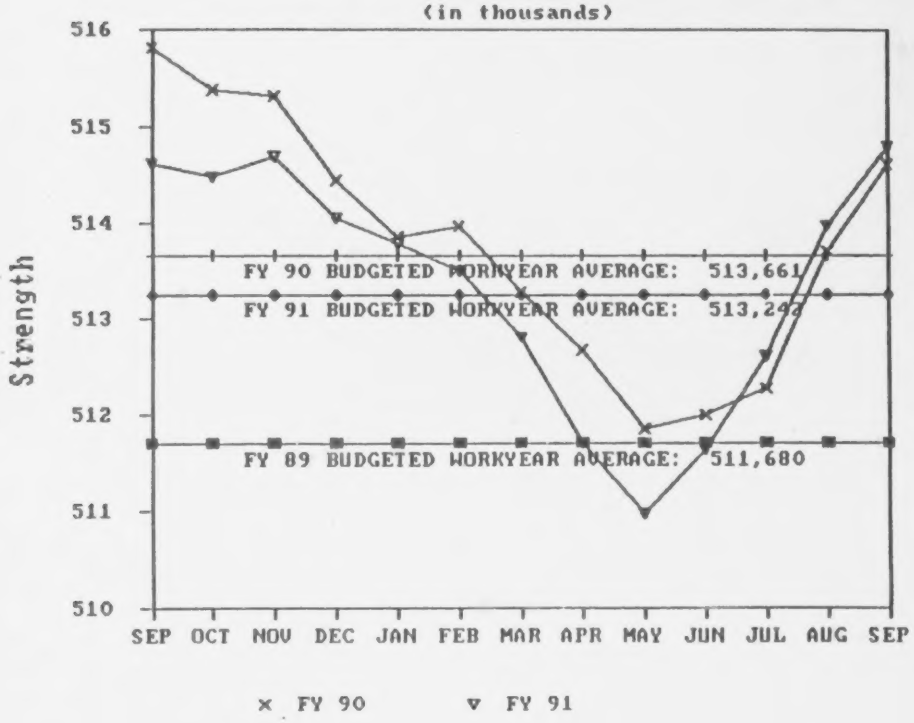
FY 1990 AND 1991 ENLISTED STRENGTH PLAN



3. Subsistence of Enlisted Personnel. The amounts required for Subsistence of Enlisted Personnel are $852,273,000 in FY-90 and $878,323,000 in FY-91. The estimated cost to feed an enlisted member in a General Mess has been developed on current costs plus the inflation factors of 3.6 percent in FY-90 and 3.3 percent in FY-91, as allowed by OSD. Program requirements also reflect a workyear increase of 1,947 in FY-90 and a decrease of 404 in FY-91.

4. Permanent Change of Station Moves (PCS). The Navy PCS Program will require $576,873,000 for FY-90, a net increase of about $36 million from the funding level currently planned for FY-89. The FY-91 program requires $588,798,000, a net increase of about $12 million over FY-90.

The cost variances include an increase to the current Weight Allowance Entitlement, inflation factors and industrial funded service decreases/increases as provided by OSD.

Chart D on page A-9 shows planned moves and average costs by travel category across the years. Navy's goal for fleet readiness is to man installations and ships with qualified personnel. Accession, separation, training and organized unit moves are mandatory when required to attain force levels and to provide training for that goal.

The Navy can only institute policies to change minimum move requirements for operational and rotational moves. The FY-90 and FY-91 moves represent 25 percent of the total Navy move program.

Only limited opportunities exist, however, to restrict these moves without upsetting efforts to maintain skill and grade balances and increase the career force. While the Navy continues to make every effort to minimize move requirements, adequate PCS funding is absolutely essential to recruit, train, develop, and retain the best fighting force possible.

We need Congressional understanding and support for the Navy's FY-90/91 PCS Program.

CHART D

PERMANENT CHANGE OF STATION MOVES AND AVERAGE COSTS BY TRAVEL CATEGORY

	FY-89 ESTIMATE		FY-90 ESTIMATE		FY-91 ESTIMATE	
CATEGORY	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS	MOVES	AVERAGE COSTS
ACCESSIONS	100,343	701.35	97,154	728.87	97,482	718.94
SEPARATIONS	92,521	899.30	89,754	960.77	90,306	983.18
TRAINING	34,900	1,692.84	35,096	1,792.37	34,970	1,832.11
OPERATIONAL	43,428	2,764.55	43,915	2,961.22	43,522	3,036.86
ROTATIONAL	33,230	5,674.69	33,431	5,956.33	33,315	6,157.62
UNIT MOVES	6,922	3,203.84	8,224	3,678.75	7,889	3,935.25
TOTAL MOVES	311,344		307,574		307,484	
COMPOSITE AVERAGE COSTS		1,745.55		1,883.69		1,923.02

Senator GLENN. Thank you, Admiral Boorda. General Hudson, you may proceed.

STATEMENT OF GEN. JOHN I. HUDSON, DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS

General HUDSON. Mr. Chairman, it is again an honor for me to appear before you to discuss Marine Corps manpower readiness, our requirements for fiscal years 1990 and 1991, as contained in the amended budget, and our direction for the future.

I have submitted for your review and consideration my written statement for fiscal years 1990 and 1991 and respectfully request that it be entered into the record.

Manpower remains the Marine Corps' single most valuable resource. As a manpower-intensive organization, we continue to believe that the individual marine is the cornerstone of our success in combat. I have addressed a number of important manpower-related issues in my written statement, and I would like to mention three of these which are of primary importance. These key issues are end strength, recruiting, and compensation.

Our end strength request for fiscal years 1990 and 1991 remains at the fiscal year 1989 authorization of $197,200. This is $2,900 below our original request for fiscal year 1989, and, as you know, has resulted in the cadre of three infantry battalions. Our current end strength request achieves a balance between providing enough marines to get the job done and recognizing austere fiscal realities. Further reductions to our end strength will jeopardize the Marine Corps' ability to meet its commitments.

One of our top priorities continues to be the recruiting of high-quality individuals to serve in our Corps. This task has never been easy, but the very hard work of our recruiters has led to success in drawing quality applicants to both officer and enlisted programs. What concerns me is the difficult recruiting environment we face in the future. The continued decline in recruiting-age youth through the mid-1990s and increasing competition from the civilian sector will provide an even greater challenge to our recruiters. Your continued support is critical in providing the resources our recruiters need to remain successful.

We presently enjoy the highest quality force in the history of our Corps. At the same time, we are facing increasing competition from the civilian community to attract and maintain that quality. It is crucial that we keep faith with our young men and women by ensuring that they are paid in a manner they perceive as fair and equitable. To meet our long-term manpower requirements, it is imperative that military pay remains competitive with the private sector and we strongly urge the passage of the proposed 3.6-percent pay raise for fiscal year 1990.

Today's high level of manpower readiness is the result of careful planning, systematic recruiting and efficient force management. This could not have been done without the vital support of Congress. With the uncertain future that lies ahead, we must together ensure that the readiness and equality in which we have invested do not erode. And Mr. Chairman, I look forward to answering your questions.

[The prepared statement of General Hudson follows:]

STATEMENT OF
LIEUTENANT GENERAL JOHN I. HUDSON
UNITED STATES MARINE CORPS
DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS

Mr. Chairman, distinguished members of the subcommittee:

It is again an honor for me to appear before you to discuss the Marine Corps' manpower readiness, our requirements for fiscal years 1990 and 1991 as contained in the Amended Budget, and our direction for the future.

Since I last appeared before you, your Marine Corps has undergone major changes. Our force structure study, conducted in 1988, is complete and its far reaching recommendations are being implemented Corps wide. These force structure changes provide for a more capable response to conflicts in the low-to mid-intensity range without Reserve mobilization. We are better prepared for meeting the requirements of an expeditionary force. Our training has been significantly enhanced by the Marine Battle Skills Training program. The most training intensive phases of this program will be fully implemented in fiscal year 1989. Our Morale, Welfare and Recreation (MWR) reorganization has been a very positive move toward a more business-like approach to MWR. Through this period of change we have also seen several important constants. Our quality recruiting has continued to provide the necessary input to keep your Corps strong. In addition, retention remains sufficient to give us the experience and skills necessary for success on the battlefield.

There are some negative aspects to this period of change. They lie in the areas of uncertainty about the future and the perceptions of Marines. I am concerned about the potential future loss of trained aviators as the impacts of increased civilian airline hiring begin to be felt. In addition, there is a growing perception among Marines of an erosion of benefits.

It has taken years and the long-term support of Congress to achieve the high levels of manpower readiness we enjoy today. These hard won gains can be quickly reversed without your continued help. We recognize that fiscal uncertainties will affect all of us, but believe that with your assistance, we can meet this challenge while maintaining a high quality force.

Our task is to preserve this quality force through a balanced manpower program. The end strength request in the Amended Budget for fiscal years 1990 and 1991 remains at the fiscal year 1989 authorization of 197,200. I believe our end strength request achieves a critical balance of providing enough people to get the job done while recognizing austere fiscal realities. Further reductions to our end strength will jeopardize the Marine Corps' ability to meet its commitments. I would like now to direct my comments to how the Marine Corps plans to maintain the high levels of readiness required to meet our commitments to the Nation while continuing to provide the quality of life our Marines have earned.

TOTAL FORCE

Marine Corps missions and responsibilities span the entire spectrum of conflict, and we plan and manage our manpower assets accordingly. The role of total force integration is increasingly important in our National strategy. To this end we have merged the management of Manpower and Reserves into one organization which integrates planning and force management. All Marine Corps manpower assets are now managed under single leadership. As a result, planning, programming, and budgeting for the Total Force Marine Corps will be more focused and deliberate. Consolidation of like functions will provide economies of scale and facilitate mobilization planning. More detailed information on Reserves will be presented by my Assistant Deputy Chief of Staff for Reserve Affairs, Major General Looney.

Enlisted Marines

Since fiscal year 1981, the quality of our enlisted force has risen dramatically. As a result of your support, our enlisted Marines are smarter, more mature, and less prone to disciplinary problems than at any time since the inception of the All Volunteer Force. Total force quality indicators are shown in Figure 1.

Quality Review

	FY80	FY81	FY82	FY83	FY84	FY85	FY86	FY87	FY88
HSDG Accessed (%)	77.6	80.7	85.7	92.1	95.5	96.8	97.7	98.2	95.7*
AFQT Category I-IIIA Accessed (%)	59.4	57.8	60.0	63.3	61.9	55.8	66.2	68.7	69.3

Unauthorized Absence: Decreased by 63% since FY80
Desertion: Decreased by 65% since FY80

* Beginning in FY88, education data reflects use of the DoD Tier System. This redefinition of what constitutes a high school graduate caused a drop in the percentage accessed. Under the previous definition, 98.6% would be considered HSG's.

Figure 1

Continued emphasis on recruiting high school graduates is paying dividends. They are much more likely to complete their term of enlistment. Unauthorized absence and desertion rates are significantly lower, meaning a larger percentage of our Marines are available for training and deployment.

Clearly, today's Marines are more responsive to training and have a greater ability to learn. Emphasis on recruiting from the upper three mental groups equates directly to less academic attrition in more technically oriented schools. This trend, along with success in increasing the average term of enlistment to 4.5 years means we are keeping higher quality, better trained Marines for longer periods of time. This contributes to stability in the enlisted force and protects our substantial training investment in Marines.

These advantages are significant, but it is also important to certify high quality requirements against actual Military Occupational Specialty (MOS) skill requirements. To this end, the

Marine Corps' participation in the Joint-Service Job Performance Measurement (JPM) Project supports your direction to link enlistment standards to on-the-job performance by developing and administering hands-on job performance tests.

Between 1986 and 1987, the Marine Corps tested over 2500 Marines in the infantry (03) occupational field. Analysis of the data began in 1988. One of the first myths shattered by the JPM data is that "anyone can be an infantryman." The results show a surprisingly strong relationship between aptitude and hands-on scores that carry over into second term performance. This has important implications when we talk of growing small unit leaders. The study confirms that high quality individuals are required at all levels to perform the increasingly complex tasks of the infantryman on the modern battlefield. This supports the case for keeping our quality standards high.

To ensure that these high quality Marines are the best fighters in the world, Marine Corps training has expanded its focus on warfighting skills. Marine Battle Skills Training (MBST) is the single most important training program in the Marine Corps today. This program is dedicated to developing basic combat infantry skills for Marines throughout their careers. Conducted in four stages, the program has already been incorporated into recruit training and a 28 day course at the School of Infantry (SOI). The training is demanding, focusing on operating and maintaining crew-served weapons, squad tactics and rear area security.

We plan to improve training and readiness further by providing an even flow of Marines through our training pipeline, a policy which we call level loading. Despite the near term costs of level-load-accession phasing, we are fully committed to this policy for the long-term gains to be realized. Spreading recruit input more evenly throughout the year is essential to provide a manageable flow to MBST/SOI and to provide a basis for efficient planning and utilization of training assets and school seats. We expect fewer Marines awaiting training; a more efficient use of our manpower assets. Additionally, they will graduate more evenly and be available to the Fleet Marine Force in a manner which lessens seasonal swings in readiness and promotes unit stability.

Our goal is to provide the right Marine, in terms of grade and skill, with appropriate levels of experience in order to man the force properly. To accomplish this, we have set a policy and established targets for enlisted promotion tempo through a program of career force controls. This program is being fully implemented in fiscal year 1989. The key focus of this effort is to balance the career force with the requirement in order to achieve equitable promotions and balanced MOS's. This is accomplished at the first term reenlistment point (4-6 years of service) where we direct Marines in over MOS's to move laterally into short MOS's. In all cases possible, the Marines' skill, training and experience are matched to the new MOS.

In order to staff validated billets at the appropriate grade and experience levels, we have accomplished modest growth in the top five enlisted grades. The percentage of top five grades is now 31.9 percent of the total enlisted strength. These grade levels provide equitable promotion opportunities based on requirements in the force.

We believe our policies have improved both the quality and readiness of the force. However, in order to implement these policies, we need your help in ensuring that we keep the tools needed to shape our force and retain quality Marines.

The Enlistment Bonus Program is used to attract high quality individuals to technical skills that have high training costs. It is also used for hard-to-fill skills in areas which do not normally attract the required quality individuals. Our budget request allows us to support this requirement.

The Selective Reenlistment Bonus Program (SRBP) is the single best management tool in correcting critical skill shortages which exist between inventory and requirements. We have been able to improve substantially our retention of critically short skills, but shortages remain. With the competition for qualified military applicants increasing and the growing cost of training new recruits, it is cost-effective to retain Marines with careful application of SRBP.

Officers

Officer leadership has long been a hallmark in the tradition of the Marine Corps. The Marine Corps is a manpower intensive organization with a traditionally low leader-to-led ratio of 1:8.8. This reflects our philosophy on officers and their use. We appreciate the decision of the Congress to repeal the remaining officer reductions for 1989 and 1990. We feel this decision was right and reflects support of our manpower requirements determination process.

As I mentioned earlier, the future of Marine aviator retention is of increasing concern to me, especially since the Aviation Career Incentive Pay levels have not been increased since 1981. Marines are not immune to the lucrative attraction of recent airline hiring and other alternative career options. We are also feeling some negative backlash effects of the bonuses being paid to pilots from other branches of the Armed Forces. Since 1 October 1988, a small shortfall of Marine Corps pilots has slowly developed to the point that we are now short 146 company grade pilots, or roughly 6% of the company grade pilot requirement. This decline in the pilot inventory is cause for concern, and at the present retention rates may increase to 10% by the end of this fiscal year. The extent of control once exercised by the Marine Corps over pilot retention is diminishing, and our current pilot retention rates will not sustain our pilot force requirements. We must provide a positive retention signal to Marine Corps aviators now, or we can expect these retention problems to increase.

In addition to aviator issues, the Marine Corps is studying two other officer related problems. The first involves time-in-grade requirements for voluntary retirements. The second deals with field grade officer requirements.

Since the enactment of DOPMA, the Marine Corps has realized higher retention rates when compared with pre-DOPMA rates. The result of this high retention has been a steady climb in the average time to promotion (flow point) and an aging of the officer corps. Despite recent downward adjustments in promotion opportunities, we will continue to exceed the flow point guidelines desired by Congress. Our analysis so far suggests that the voluntary retirement of lieutenant colonels through major generals after 2 years vice 3 years in grade would result in accelerated vacancies in these grades and reduce flow points towards DOPMA guidelines. Time-in-grade relief may be the most appropriate way to enable the Marine Corps to meet minimum promotion opportunities and promotion timing guidelines, and ensure a youthful, vigorous, and combat-ready officer corps.

Our second problem is the long standing difficulty the Marine Corps has had with DOPMA officer grade ceilings, especially in the grade of major. The current ceilings obstruct our ability to shape and manage our officer corps. The Marine Corps is reviewing field grade officer requirements through its Officer Force Management Review Panel and may seek to amend its grade tables.

Since passage of the Goldwater-Nichols Act on 1 October 1986, the Marine Corps has been an active participant in the development of Title IV policy and in the implementation of the joint officer provisions of the law. In April 1988, a board of General Officers selected the Marine Corps' initial pool of joint specialty officers (JSO's). Officer records were reviewed to ensure that quality standards required by the law were met. This list has been approved by the Secretary of Defense. A second JSO selection board will be held early next month. Joint Professional

Military Education has undergone significant changes in the last year as well. The joint track system developed at each of the Service schools will give way to a two phased-system. Phase I will be a normal year at a Service college with an increased emphasis on joint matters incorporated in the curriculum. Phase II, designed for those officers who will serve in joint duty assignments (JDA's), will consist of a course at the Armed Forces Staff College in Norfolk. We believe this system will allow us to graduate the number of officers we need to serve as JSO's. The Marine Corps is committed to the effective implementation of Title IV and will assign officers to meet the law's intent. We are doing it, despite its constraints on our ability to manage our officer corps.

Women Marines

We continue to work for better opportunities for women in the Marine Corps. During 1988, we opened a number of billets and units for the assignment of women Marines. We are currently implementing these policy changes by making the assignment criteria gender neutral. Additional billets include assignments in the corrections field and guard duty within Marine Corps Security Forces and the Marine Security Guard Battalion. The Marine Corps currently has women assigned to ten embassy posts with potential assignments to forty-seven more. Women are also assigned in guard billets to two Marine Barracks as part of Marine Corps Security Forces with six additional locations considered suitable for the assignment of women as guards.

Civilian Manpower

The Marine Corps' civilian employees are an integral part of our total force. They constitute 45 percent of our on-board manpower at bases, stations and activities, and are even more important as a result of reduced manning of the supporting establishment. Civilians have, for years, provided critical continuity at our bases and stations and our major headquarters. Our request for 21,659 civilians is the minimum necessary to provide adequate support to our Fleet Marine Forces.

MOBILIZATION

We continue to improve our capability to mobilize the Marine Corps' Total Force. The examination of our policies and participation in exercises is ongoing. Even more important is the effort to be sure we incorporate the lessons learned in Marine Corps planning documents and practice in peace what we will do in war. As outlined previously, the integration of active and reserve manpower has affected personnel assigned to develop manpower input in support of mobilization and sustainment planning for the Marine Corps. The management of reserve mobilization and mobilization planning will be combined. This is a major step toward the improvement of our capabilities.

We are refining the process of calculating individual fillers and replacements to support joint planning and will test these systems during PROUD EAGLE 90, the fall 1989 JCS-directed mobilization exercise. We expect to gain experience in the operation of a process that is detailed, timely and successful in its ability to define individual requirements, and ensure the appropriate flow of fillers and replacements to the supported Commanders in Chief (CINCS). We will also examine the sustainment of Marine forces by the Continental United States (CONUS) bases and stations in their efforts to train, organize, and transport personnel.

Effectiveness as a fighting force depends on more than just the readiness of our Corps. Marines rely on the medical support provided by the Navy for health care of combat forces both in-theater and in CONUS. Efforts to improve the Navy's capability to provide properly trained medical personnel and deployable medical support systems upon the outbreak of hostilities continue.

My staff maintains constant coordination with the Chief of Naval Operation's manpower and operations staffs. Our concern is the availability of sufficient medical manpower and skills within the Navy Selected Reserve to meet the dual requirements of deploying during mobilization and back filling CONUS medical treatment facilities, replacing active duty medical personnel who have mobilized.

During PROUD EAGLE 90 we intend to identify medical personnel and support systems requirements and to test the Navy's ability to support these demands. The Navy anticipates an improved capability to support the Marine Corps over levels experienced in past exercises. Shortfalls are envisioned in the out years due to the cap on the Navy Selected Reserve and the requirement to man Navy deployable medical systems required for in-theater CINC support as they reach their initial operating capability.

The shortage of personnel with critical wartime medical skills continues to be a major problem. Recruiting efforts continue to strive toward reducing the gap between the wartime requirement and the inventory. Your support of DoD initiatives to improve medical readiness for mobilization remains crucial.

PERMANENT CHANGE OF STATION (PCS)

An adequate PCS program is essential for maintaining force readiness. We must be able to move Marines to where they are needed. The ability to do this effectively contributes to unit cohesion. About 60 percent of our annual moves support Marines entering or leaving the Service, with the remainder sustaining our worldwide commitments. About 19 percent of our force is deployed overseas. The bulk of our Marines overseas are forward deployed in Japan. We maintain these force levels by using a combination of three methods to exploit the advantages of each.

First, the Unit Deployment Program (UDP) is used to provide operating forces for over 10,000 billets in the Fleet Marine Force up to the battalion/squadron level. Unit deployment advantages include stabilizing Marines in cohesive units for extended periods, avoiding the costs associated with frequent dependent restricted moves and avoiding costs of supporting additional Marine dependents. Second, accompanied tours are used to provide for long term continuity in those planning, command, support or maintenance billets where stability is essential for readiness. This allows us to maintain operational continuity while our battalions and squadrons participate in UDP. Third, dependents restricted tours are used to fill requirements where the CONUS rotation base will not support using unit deployment and facilities limitations preclude accompanied tours. Through careful use of these three methods, we have minimized the costs of meeting our overseas commitments while maximizing the readiness of our forward deployed units. We are continuing our efforts to constrain PCS costs through careful planning of PCS moves. Figure 2 shows the progress we have made in reducing the number of PCS moves since 1980. It also shows the impact of increased entitlements and other costs which have caused overall cost of the PCS program to increase despite reductions in the number of moves.

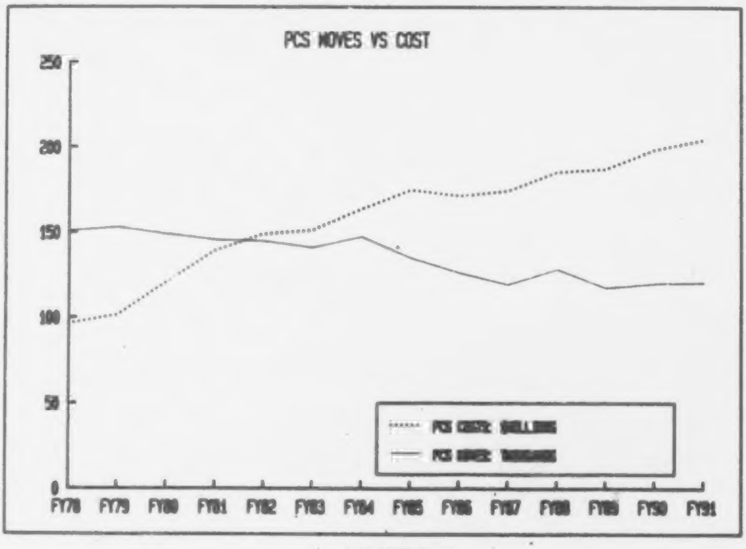


FIGURE 2

QUALITY-OF-LIFE

I am convinced that manpower readiness and the well-being of Marines are inseparable. The Marine Corps' high state of manpower readiness can be directly related to its long standing tradition of caring for its own. For our young married Marines to be ready to go to war at any time, they must be secure in the knowledge that their families will have the support they need and deserve. The term quality-of-life describes all of those factors that contribute to a positive living and working environment for our Marines and their families. Quality-of-life programs are an excellent investment for enhancing morale, improving job performance and increasing retention. Additionally, they lead to increased personnel and operational readiness.

Family Programs

We provide support to our Marines through a variety of programs at 18 Family Service Centers (FSC's) located on major bases. Our FSC's provide standardized support, Marine Corps wide, in many areas including relocation assistance, financial and family education and counseling, deployment support, employment assistance for spouses and retiring Marines and support for single parents.

Family violence is one of our major concerns. Service life is stressful. This stress can manifest itself in the form of family violence. We are focusing on fresh, innovative ways to prevent this violence rather than just reacting. General Gray has tasked me to evaluate the responses of our general officers in looking for ways to deal with, and specifically prevent, this problem. This was a major topic of discussion at our General Officer Symposium on Wednesday of last week.

With the number of dependents now exceeding the number of active duty Marines and with over 50 percent of Marine spouses employed, the demand for child care services has increased significantly. In fiscal year 1989, construction has or will begin on six child development centers and there will be continued expansion of our family day care program. To assure program quality, we will initiate standardized care-giver training and a system for monitoring child care program compliance. A difficulty encountered in providing child care at the lowest possible cost is the ceiling on appropriated fund support to morale, welfare, and recreation activities.

Morale, Welfare and Recreation (MWR)

In response to Congressional concerns, the Marine Corps has reorganized and consolidated its MWR activities to function in a more business-like manner. This consolidation affects all elements of our MWR program including exchanges, services, military clubs, recreation and sports activities. Major Marine Corps installation MWR activities will be reorganized by the end of 1989. The result of this pro-active approach is the placing of all MWR activities under single management for the dual purposes of reducing administrative costs and, more importantly, seeking out innovative business ventures that our patrons will support. We have consolidated exchange, recreational and club accounts into a single nonappropriated fund. In addition, we have consolidated our MWR staff and exchange staff into a single agency responsible for executing their programs. This provides the commander with the management information to make knowledgeable business decisions. The result will be more effective use of limited resources and support of Congressional guidance. Marines are the real benefactors of the program which provides a level of services not possible without consolidation.

Medical Care

Adequate medical and dental care for Marines and their dependents are essential. While we are focused on our requirements for medical support during war, we continue to be concerned about our responsibility to provide the highest quality care to Marines and their families during peacetime. The continued improvements in NAVCARE clinics and use of contract medical personnel have gone a long way towards meeting the peacetime health care demand. However, since appropriations for contract personnel fluctuate from year to year, a sufficient number of active duty medical personnel is the only sure way to provide stable, long term medical support to our Marines. We need your continued support in this area.

COMPENSATION

In order to maintain the high quality force we have worked so hard to build, it is crucial that we keep faith with our service men and women by ensuring that they are paid in a manner they perceive is fair and equitable. While we presently enjoy the highest quality force in our Corps' history, we are facing increasing competition for these same young people from the private sector. This competition will grow more acute as the declining youth population bottoms out in the 1990's. To meet long-term manpower requirements, it is imperative that military pay be set and maintained at a level competitive with the private sector. Despite the 1 January 1989 pay raise, military pay still lags behind wage growth in the private sector by 10.1 percent. We strongly urge passage of the proposed FY 1990 pay raise of 3.6 percent.

Another compensation area which remains a concern is the increasing gap between military housing allowances and actual housing costs. A VHA rate freeze in fiscal year 1987 and a spending ceiling on the VHA program in fiscal years 1988 and 1989 have resulted in greater out-of-pocket expenses for Marines. We ask that you fully fund VHA to the levels provided for in the law and that you not impose a funding ceiling on the program.

RECRUITING

The hard work of a dedicated recruiting force has resulted in continued success in recruiting some of the finest young men and women in the Marine Corps' history for our officer and enlisted programs. We have more qualified applicants than we can accept in all of our officer programs. The qualifications of our young officers give us greater flexibility in matching the best qualified officer to the right skills.

In fiscal year 1988 we again met or exceeded all of our quantity and quality goals for enlisted programs. Over 95 percent of our total force accessions were high school graduates, and we again achieved 99.8 percent non-prior service males in Mental Groups I-III. We began fiscal year 1989 with 67 percent of our total force non-prior service requirement in the delayed entry pool.

The Marine Corps is committed to maintaining the caliber of force we have today. Our quality goals remain unchanged even in the face of a more difficult market that reflects a decline in recruit-age youth through the mid-1990's and strong competition from the civilian sector. To remain successful we need your continued support in providing our recruiters the resources, specifically additional advertising and recruiting support, that will be required in the difficult times ahead. A reduced commitment could result in degradation of the quality force we have today.

CONCLUSION

Today's high level of manpower readiness is the result of careful planning, systematic recruiting, and efficient force management. This could not have been done without the vital support of Congress. With the uncertain future that lies ahead, we must together ensure that the readiness and quality in which we have invested do not erode.

Senator GLENN. Thank you. General Hickey.

STATEMENT OF GEN. THOMAS J. HICKEY, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. AIR FORCE

General HICKEY. Thank you, Mr. Chairman. It is a pleasure for me to appear on this occasion. I am able to report to you, sir, that the Air Force personnel force and the structure that we have today are very strong. I am, however, concerned about some severe problems that I see lurking, and, unfortunately, they are not lurking on the horizon; they are much closer to us than that.

We have a superb enlisted career force, but outside pressures on our career mix have forced us to the lowest promotion-selection rates in our last 5 years. We have a strong officer force, and, in particular, we primarily focus on pilots in that officer force. But you know already the retention problems we are dealing with in that arena.

We in the Air Force, as much as any of the services, must survive and maintain our combat effectiveness based upon the retention rates of our people. The current efforts that would cut strength, reduce our retirement benefits, change or charge for medical care, reduce promotions, force early retirements, or propose more unaccompanied overseas tours, all work against good retention; and that works against our combat readiness.

So it is quite important that we work together to promote and to protect the personnel force that gives us that combat effectiveness. I stand ready to answer your questions, too, sir.

[The prepared statement of General Hickey follows:]

STATEMENT OF: LIEUTENANT GENERAL THOMAS J. HICKEY
DEPUTY CHIEF OF STAFF, PERSONNEL
HEADQUARTERS, UNITED STATES AIR FORCE

Mr Chairman and members of the Committee, it is a privilege to appear before you today to address the manpower and personnel challenges facing Air Force leadership. My report reviews the investment you have made in our people and highlights some of our primary concerns in sustaining a viable combat ready force for the 1990s and beyond.

Air Force readiness depends on the quality and motivation of our people. These people, both military and civilian, are the finest this country has to offer and they are diligently discharging the tasks and responsibilities the nation has entrusted to them. They are our number one priority and should be your first priority also.

The Air Force of the 1980s is a dynamic and responsive force. But to meet mission requirements, we are confronted with numerous challenges, both internal and external in nature. For example, the airlines are drawing our pilot inventory down at an alarming rate. If appropriate actions are not taken, we will have a pilot shortage of approximately 2,500 by FY 1994. We hope the new bonus implemented January first of this year will help. Our experienced electronics and aircraft maintenance non-commissioned officers are being offered lucrative opportunities with civilian firms. Higher private sector physician compensation and a national nursing shortage threaten sustained delivery of quality health care and medical readiness. The Air Force competes for the best people in a highly competitive market. We cannot afford to lower our standards, but are unable to offer competitive pay and opportunities that our civilian competitors do.

All Air Force people have the right to expect a competitive compensation and employment package including pay; allowances; advancement; morale, welfare and recreation programs; adequate reimbursements for moving expenses; and quality medical care. Failure to compete in these areas could lead to unrecoverable losses like those in the late 1970s when pay caps and private sector job opportunities influenced many talented, experienced people to leave the Air Force.

We understand the federal budget dilemma and the challenges it poses. The Air Force, however, has gone as far as it can in doing more with less. Congressional action which threatens closure of morale, welfare and recreation activities, and mandates force reductions, seriously compromises our ability to provide stability and send positive signals to our people. Doing the Air Force job with smaller budgets and a potentially less experienced force will be perilous.

In his keynote address at the most recent Air Force Association National Convention, former Air Force Secretary Aldridge spelled out what he believed would be the challenges facing future leaders of the Air Force. "The first challenge," he said, "is to maintain the quality of our people. ... People remain the key -- I've said it many times before and will continue to say it -- weapon systems don't win wars, people do. ... I know that if we take care of Air Force people -- they will take care of America." I hope we can all do more than just endorse that view.

PILOT RETENTION:

Pilot retention is a critical problem now. The FY 1988 pilot cumulative continuation rate (CCR) was 43 percent, down 35 percentage points from FY 1983, and the fourth consecutive year below the long term sustainment rate of about 63 percent CCR. To set this in perspective, over 45 percent of the pilots eligible to separate during their seventh and eighth years of service did so in FY 1988. This, combined with losses from other year groups, totaled 2,263 pilot losses, an increase of over 150 pilots from FY 1987 and over 750 more than FY 1988 UPT production.

We are now operating in an environment in which the competition for experienced pilots is much stronger and more sustained than any time in history. Calendar years (CY) 1984 and 1985 were record years, with 5,465 and 7,622 airline pilot hires. CY 1986, 1987, and 1988 totaled 6,444, 7,010, and 6,683 respectively. These numbers are several times greater than the annual average of 1,935 hires per year from 1976 to 1983. The US airline industry alone has over $27 billion of new aircraft on order with estimates of 5,700 new commercial aircraft being delivered by 1995.

The Air Force has taken a number of non-monetary steps to increase retention and cushion the impact of current and projected pilot shortages. We have made a complete review of the pilot requirements structure and created an operational support career field which has significantly reduced the number of non-flying pilot positions. The major commands have taken positive steps to improve working conditions for pilots. For example, Military Airlift Command (MAC) has made significant policy changes directed at improving its flying/traveling schedule -- the major source of complaints from MAC aircrews. The revised Officer Professional Development program focuses on many irritants affecting a pilot's decision to leave the military. An increase in the active duty service commitment for pilot training and the selective continuation program for pilots not selected for promotion will increase the expected return on training investment. While these initiatives should help ease short-term pilot irritants, monetary incentives play an essential role in the long term solution to the retention problem.

From 1974 through 1988, Aviation Career Incentive Pay (ACIP) was the only monetary incentive used by the Air Force to attract and retain career aviators. On 1 January of this year we began offering a pilot bonus. Aviator Continuation Pay (ACP) was developed as an immediate fix to augment ACIP and help reverse the decline in pilot retention. Our analysis suggests that continued authorization to offer ACP to fixed wing pilots would help reduce the projected FY 1993 pilot shortage by approximately 50 percent.

This improvement would be further supplemented if our primary aviator monetary entitlement, ACIP, was increased to restore and maintain its purchasing power at the 1981 level, the last time the rates were increased.

Enhanced ACIP is an important factor in a long term, stable pilot retention equation. It would not only assist in improving retention while the bonus is in effect, but for the remainder of the officer's career.

OFFICER FORCE REDUCTIONS:

We are in the process of a 6,800 Air Force officer corps reduction initiated as a result of language contained in the FY 1987 National Defense Authorization Act requiring the number of officers in DOD to be reduced by 6% by FY 1989. Subsequent legislation (FY 1988 and FY 1989 Authorization Acts) amended this DOD reduction requirement; however, the Air Force still projects its FY 1990 officer strength to be down by 6.2% from where it was in FY 1986. We are working hard to minimize the negative effects of this reduction on readiness; however, cuts of this size will not be without some cost in the future.

We have made every effort to make the reductions with minimum impact on our people. We initially avoided painful involuntary separation actions by reducing accessions and allowing officers to voluntarily separate early; however, a selective early retirement board in November 1988 was required to help meet FY 1989/1990 reductions and grade strength limitations.

To temper the loss of current technological expertise and to minimize impacts on readiness, the voluntary early release program was amended to exclude some categories of officers. Among these were pilots, engineers, scientific/technical officers and medical officers. Regardless, over 600 officers (700+ if retirement waivers included) separated early in FY 1988. Additionally, 96% of these officers had 3 or more years of service experience.

Since the lower officer end strength mandate requires fewer accessions, we drew down both ROTC and OTS officer production rates significantly. We project that OTS production will remain in the 1,000 to 1,500 range through FY 1990 which is less than half of previous levels. In the area of ROTC production, we have reduced production to the 2,500 level which has adversely impacted the viability and efficiency of our current ROTC detachment structure. However, the biggest drawback to the four consecutive years of reduced officer accessions will be the "experience holes" the Air Force will face in the future as the smaller year groups age through the force.

ENLISTED FORCE REDUCTIONS:

In FY 1988 we were forced to cut the size of the enlisted force by almost 30,000. Approximately two thirds of this reduction was the result of a $325 million funding shortfall caused by reductions taken by Congress in the Military Personnel Appropriation (MPA) account. The reductions seriously affected accession and manning levels throughout the enlisted force.

Taking these reductions from accessions alone would have driven FY 1988 recruiting down to 30,000 or less -- levels that could not sustain the Air Force in the future. To avoid an accession cut of this magnitude, we had no choice but to implement an involuntary early-out program. About 13,000 members projected for separation in FY 1989 were released in April 1988, many up to 12 months early. Additional savings were realized through a date-of-separation program in which 11,000 airmen scheduled to separate later in FY 1988 were released early in March 1988, up to 6 months early. The savings obtained through these two programs permitted retention of a slightly larger end strength -- which translates into fewer accession cuts than originally forecast. Specifically, these early release programs permitted FY 1988 non-prior service accessions to be held at 41,200 (about 10,000 higher than if all the cuts had come from accessions) and FY 1989 accession levels at 43,450 (about 6,550 lower than originally forecast). Despite this balanced approach, the impacts associated with these lowered accession levels will affect enlisted force experience in the outyears.

Our FY 1988 MPA account was originally based on enlisted grades capped at the proportions we had in FY 1986 -- at that time the top five grades were limited to about 46% of our authorized enlisted strength. Reductions taken in FY 1988 to meet the dollar constraints reduced the total enlisted strength. Because most of these actions taken affected the first term force, the result was that a larger percentage of our grades were in the top five grades. Our top five grades at the end of FY 1988 were 48% of our reduced end strength -- but only 46% of our authorized strength.

In FY 1989, a CONUS Early Release Program is required to maintain the enlisted force within the budget appropriated by Congress. This program will include: the release of approximately 1700 first- and second-term airmen in March 1989 who are identified as ineligible to reenlist, and the selective early release of approximately 3,700 first-term airmen in March 1989 who have already established dates of separation between April and September 1989. Additional actions to be taken in FY 1989 to save dollars in the MPA will include allowing individuals promoted to master, senior master, and chief master sergeant to request a waiver of all but six months of their promotion active duty service commitment and a reduction of approximately 3,700 non-prior service accessions.

Another consequence of the enlisted reduction is that our FY 1988 promotion selection rates to staff sergeant, technical sergeant, master sergeant, senior master sergeant and chief master sergeant were at the lowest levels in the last ten years. With the force remaining at these reduced strength levels, the outlook for FY 1989 is not much better. Any arbitrary reductions to the top five grades will continue to slow promotions and will adversely impact the career force at a time when these highly trained NCOs are critically needed because of the force drawdown. More specifically, the Air Force could find itself in a position where it did not have the experienced cadre of career NCOs needed to carry out the day to day peacetime mission or to train new recruits in the event of rapid mobilization.

DOD IG REVIEW OF UNIFIED AND SPECIFIED COMMAND HEADQUARTERS:

In early 1988 the Deputy DOD IG reviewed the organization of unified and specified command headquarters, their service components, and other supporting units with a view toward reducing manpower and overhead costs, and overlapping responsibilities. His report, known as the Vander Schaaf Study, recommended a 7309 (2472 Air Force) manpower reduction. The SECDEF and JCS review of this report resulted in a directed 2990 authorization reduction of base operations support management, and headquarters staff of the unified, Joint Staff, specified, and supporting component command headquarters staffs. The Air Force portion of this cut was established as 1173 billets (1037 from USAF components and 136 from USAF billets assigned to JCS/unified/specified commands). Of the 1173 billets in question, 747 resulted in an end strength reduction while 426 were realigned to valid combat shortages.

RECRUITING:

Air Force capability in the next decade depends on the quality of new officers and airmen and their ability to learn the necessary skills for initial duty and to grow into the challenges of tomorrow. We have enjoyed great success meeting past objectives; we are cautiously optimistic about meeting our future recruiting goals.

Advertising funds remain a principal concern. Our FY 1990 advertising budget of $15.3 million is actually $1.5 million lower than the FY 1987 amount and has not kept pace with significantly higher advertising costs. Because of competing budget priorities, fewer actual dollars remain available for Air Force advertising.

Today, the success of our recruiting efforts demands the right mix of resources, incentives and benefits. One of the primary incentives of our successful enlisted recruiting effort has been the Montgomery GI Bill (MGIB). We have had a steady increase in participation rates in the MGIB. Currently, seventy-seven percent are signing up compared to 6 percent for the Veterans Educational Assistance Program. While we have not yet felt the recent recruiting difficulties of our sister services, a declining volunteer market and increased private sector competition will make our future recruiting objectives more difficult. A national nurse shortage, declining nursing school enrollments, and growing civilian requirements will make nurse recruiting extremely difficult for now and in the future. Our physician and nurse recruiting objectives have steadily increased from FY 1988 to FY 1990 by 71% and 25% respectively. Although we cannot compete directly with the private-sector in the area of pay for our health care professionals, we must provide reasonable expectations for stable financial support and secure benefits. Congressional support of physician bonus increases and recent Title 10 changes allowing for additional constructive service credit and extended maximum appointment age for nurses and other health professions should help ease some of the health profession recruiting difficulties.

ENLISTED RETENTION:

Using early releases and fewer non-prior service accessions to meet end strength ceilings will continue to change the enlisted career force mix. In FY 1981, first-termers comprised 52 percent of the enlisted force; today that figure has fallen to 39 percent. Lower enlisted accessions now mean fewer reenlistment eligible first-termers in the future. Any decline in first-term retention would dramatically impact tomorrow's Air Force and could jeopardize readiness over the long term. With a stable end strength, these smaller first-term year groups may not be enough to supply future career force entry goals.

Strong congressional support of our reenlistment bonus program has enabled us to retain the most critical enlisted skills (air traffic/combat controllers, computer programmers, and sortie generating career fields). We receive an effective return of 5 to 1 when comparing the SRB costs to training costs saved. However, the SRB program is only part of the solution. It is equally important that we pursue a solid foundation for our compensation and entitlement programs. Stable pay and benefits are also necessary to maintain our competitive edge to retain highly technical, experienced people that are most actively pursued by the civilian sector.

MILITARY PAY:

An underlying principle of the volunteer force is that military pay must be kept competitive with private sector wages to attract and retain sufficient numbers of quality volunteers over the long term. Congress approved sizable pay raises in FY 1981 and FY 1982, prompted by the decline in recruiting and retention of the late 1970s. Since that time, however, six of seven military pay raises have been capped at a level below private sector wage growth and, as of the 1 January 1989 military pay raises, have been 10.1% below private sector pay raises.

From FY 1982 to 1988, the purchasing power of military pay remained constant relative to inflation. If approved, the FY 1990 pay raise of 3.6% will, at best, maintain the status quo on comparability and purchasing power. Though elimination of the pay gap may be unachievable in the present economic environment, we must not allow further erosion in the purchasing power of military pay. We must sustain the quality of life for all Air Force people and their families.

VARIABLE HOUSING ALLOWANCE:

Since the inception of the Variable Housing Allowance (VHA) in 1980, Congress has imposed continuous caps, freezes, and modifications which have seriously compromised the intent of the program. Two prime examples are the failure to provide the full inflation adjustments required by law in FY 1987 and FY 1988, and the budget limitation imposed by Congress in FY 1988 and FY 1989.

These constraints precluded us from making needed rate adjustments and denied our people the full protection intended by the program. In FY 1989, VHA rates were established using current housing cost data collected from the 1988 VHA Housing Survey. However, the FY 1989 VHA funding ceiling was a major contributor to the cut in VHA rates for approximately 69 percent of Air Force VHA recipients (66 percent DOD-wide). This marks the second consecutive year VHA rates were lowered for a majority of Air Force recipients in order to remain within the VHA funding ceiling. Members now absorb 21.5 percent of their housing expenses vice the 15 percent initially intended by Congress, and continuation of the VHA funding limitations seen in recent years will prevent further reduction of members' out-of-pocket housing costs. I ardently request your support for the FY 1990 VHA funding request.

In the DOD study on housing allowances directed by the Armed Services Committee, we hope to present options that will fix VHA in a manner that is fair to service members. Whatever changes are eventually adopted, the system must be allowed to operate without the spending caps or other artificial constraints that have contributed to the instability of the current VHA program.

PCS REIMBURSEMENTS:

Despite efforts to reduce family turbulence caused by relocations, PCS reimbursements remain a major concern for Air Force families. Since 1980, the results of every annual Air Force PCS Cost Survey have confirmed that military personnel are significantly underreimbursed for expenses incurred during government-directed moves. Average out-of-pocket expenses range from $1,300 to $2,725 per move depending upon grade and dependency status. Recent congressional action has recognized the importance of alleviating significant relocation expenses by approving increased household goods weight allowances and funds for temporary lodging expenses. However, it is important that PCS entitlements continue to receive full congressional support to minimize out-of-pocket expenses due to government-directed moves.

PCS MANAGEMENT:

Since FY 1986 the Air Force has dealt with budgetary constraints that have created tremendous funding shortfalls in the permanent change of station (PCS) account. These shortfalls have hampered our ability to fulfill our global commitments, meet operational requirements and provide fair, equitable treatment for Air Force people.

Because CONUS operational moves constitute only 13.5 (FY 1989) percent of the total PCS budget, the potential savings in this category are extremely limited. Consequently we have had to take savings from overseas rotational moves which forces many adverse effects on our people and their commanders. Other categories of moves, such as accession, training, retirement and separation, are driven by programmatic factors less controllable than operational or rotational moves.

The Air Force made 130,000 operational and rotational (O&R) PCS moves in FY 1985 and 125,000 in FY 1986. In FY 1987, a $141 million funding shortfall ($70 million carried over from FY 1986) reduced O&R moves to 110,000 and the FY 1988 funding shortfall of $99.9 million allowed only 105,000 O&R moves. In FY 1989, we were authorized funding for 108,000 O&R moves; however, cost inflation and increased weight entitlements limited us to 106,000 O&R moves. This is an 18 percent reduction since 1985.

We have already implemented a number of measures to reduce rotational costs: increased selected overseas tour lengths; offered incentives for overseas extensions; given priority assignments for those volunteering for extended overseas tours; established an assignment throw-back program; liberalized overseas extension policy; and initiated in-place and in-theater consecutive overseas tour programs. Further savings have been realized by cost-cutting programs in other categories of moves; we have expanded the voluntary stabilized base assignment program; tightened up designated location moves; encouraged do-it-yourself moves; increased time-on-station requirements; and eliminated

CONUS maximum tours when feasible.

These initiatives enabled us to meet the FY 1987 funding shortfall. But we were forced to take more drastic action to deal with the FY 1988 deficit, including establishing an 85 percent CONUS manning floor and a 90 percent overseas manning floor; soliciting overseas tour extensions; and further increasing the number of technical training graduates sent directly overseas to replace experienced NCOs. These actions will be continued for FY 1990.

Initially established as temporary measures, the "institutionalization" of these procedures will continue to result in less than optimum personnel utilization. CONUS and overseas major commands are very limited in resolving skill imbalances; overages created by promotion, etc., at one location cannot be reassigned to locations with lower manning levels because of limited funds. Simply stated, funding shortages directly impact the efficient distribution of the personnel resource. Further cuts in PCS funding could seriously affect our ability to meet operational requirements and maintain high morale and retention.

OVERSEAS STATION ALLOWANCE:

The relative weakness of the US dollar compared to most foreign currencies requires a timely and accurate Cost of Living Adjustment (COLA) program. The continued decline of the US dollar has substantially increased funding requirements for overseas station allowances. In the past, these increases have been funded by reprogramming from non-Military Personnel Appropriations (MPA) and by nonprogramatic force structure reductions. Since the MPA is 96 percent entitlement driven (no flex to reprogram) and COLA is a must-pay allowance, we must continue to cut critical programs to ensure that our members stationed overseas have the same purchasing power as their counterparts in the CONUS. The Foreign Currency Fluctuation Account would insulate the Air Force military program from the volatility of the foreign currency market.

TRAINING AND EDUCATION:

One of the Air Force's greatest strengths has always been its training programs. Recent fiscal limitations, however, have caused us to reduce the percentage of people receiving initial specialized skill and formal progression training programs. Advanced education programs, particularly in the science and engineering fields, have also been reduced. Historically a strong recruiting incentive, well planned and executed training programs are essential to productivity and mission accomplishment. With the onset of larger enlisted accession groups and advanced technology, more training will be needed in the future, not less, in order to maintain and operate our equipment. Additional reductions to training and education programs could seriously affect our state of readiness.

CIVILIAN PERSONNEL:

Our key message with respect to the compensation and management of the quarter million civilians in the Air Force is two-fold: let us work together to ensure a stable budget environment and to enact civilian personnel legislation that reflects a long-term focus and that does not compromise the formation of a cohesive civilian force.

Stable and predictable defense funding foster constructive change. We appreciate the Congress' timely action in authorizing and appropriating funds last year. However, a two-year, FY 1990/1991 biennial defense budget represents the critical next step. It may be difficult to achieve stability when addressing the budget deficit. However, we need to avoid budgetary actions, in such areas as training, that would hollow out our civilian force through non-programmatic reductions.

A more stable funding environment also requires fewer interventions as well. In this regard, we urge Congress to drop the overseas workyear ceiling and to permanently exempt DOD from ceilings on the civilian workforce. The overseas ceiling has not been breached and has become an anachronism with the emphasis on increased burden sharing.

In the 1990s, we face a great challenge in maintaining a cohesive and professional civilian team in the face of fragmenting forces, more competitive labor markets, and calls for better pay that may be very difficult to deliver in the face of the budget deficit.

With the 101st Congress, the federal civilian personnel system faces its most probing examination since the enactment of the Civil Service Reform Act ten years ago. Restructuring of the health benefits system, expiration of the performance management system for civilian managers on 1 October 1989, and consideration of new pay systems are all on the table.

These issues are under the jurisdiction of the civil service committees of Congress. But our actions or inaction will bear largely on the interest of this committee and we welcome your attention and assistance.

We are attacking these issues in two ways, internally and externally. We are actively researching new compensation concepts with the Office of Personnel Management. The civilian personnel community has made a concerted effort to expand and export new technologies to simplify and make more flexible the personnel system. Our pilot system for allowing managers to manage human resources to budget, known as PALACE Compete, is being expanded to nine bases. At another location, we are experimenting with an interactive video disc display to answer the questions of job candidates about job openings and the job application process. We have asked our major commands to submit proposals on alternative child care services and are reviewing them.

In another area, we are considering legislation to provide payment for degree programs. This would help in the recruitment of professionals, particularly scientists and engineers. The Administration submitted legislation to the last Congress to accomplish this, and we expect similar legislation will be submitted to this Congress.

Discussion about the expiration of the Performance Management and Recognition System (PMRS) for civilian managers has been largely eclipsed by the debate over pay. However, we view changes to PMRS as key to maintaining a cohesive force. We believe the solution lies in simplifying the system and ensuring that rewards are substantial for truly outstanding work. Toward that end, we are working with the Office of Personnel Management on testing various concepts and look forward to working with Congress on possible changes.

Temporary employment is an excellent tool to meet the fluctuating workload in DOD. We are, however, concerned about the proper use of temporary employees. We are working with DOD on some innovative concepts which will protect the rights and interests of temporary employees as well as provide us with the flexibilities needed to manage our fluctuating workloads.

SOCIAL ACTIONS PROGRAMS:

Substance abuse and poor human relations directly impact readiness. We learned that lesson in Vietnam and created the Social Actions program in response. Even our adversary is now acknowledging the negative impact of ethnic strife and substance abuse on their military forces.

We remain committed to Social Actions programs designed to promote positive human relations and a substance-free Air Force, and we have made great progress in both areas. However, budget reductions have now forced us to draw down our resources in these programs. Although our level of effort will meet the immediate needs of our personnel, the threat to mission accomplishment remains. "Designer" drugs at lower prices and dramatic demographic changes in our country present additional challenges to counter substance abuse and ensure equity in all facets of Air Force life.

FAMILY SUPPORT CENTERS:

The well-being of Air Force families is essential to members' satisfaction with Air Force life and caring for families ultimately contributes to mission readiness. Family Support Centers work with base agencies and officials to identify, develop and coordinate programs that improve the well-being of families. We believe these activities significantly enhance morale, productivity and retention of quality career Air Force members. Strong support for this program validates our commitment to provide viable quality of life programs to Air Force families. Since over two-thirds of our members have family responsibilities, continued strong support for Family Support Centers is crucial.

While new Family Support Center starts were frozen in FY 1983 and FY 1984, program openings have been on schedule since FY 1985. All 123 centers should be funded by FY 1991. MAJCOM commanders are anxious to have their centers on line as evidenced by actions to accelerate construction with out-of-hide resources.

MORALE, WELFARE & RECREATION:

Over the past three years, Congress has increased its oversight of MWR in an effort to place MWR funding in a more defensible posture for the austere budget years ahead. To reduce taxpayer funding in areas they perceived as indefensible, Congress reorganized MWR activities into three funding categories and defined where appropriated and nonappropriated funds should and should not be spent. Total Air Force MWR appropriated fund (APF) authorization was reduced by $64.5 million over the three years and capped to prevent further growth. Congress targeted these cuts at MWR business activities such as golf, bowling, open messes, marinas and other activities capable of generating revenue, removing direct APF support, except for overseas installations. This included direction to replace military and APF civilian employees in these activities with NAF personnel. Congress also directed the Services to limit the NAF subsidy to mission essential activities. While the Air Force is determining the additional cost of this action, current monetary and personnel limitations restrain our ability to implement congressional guidance. Time is also required to develop implementing instructions for the field activities.

The original APF ceiling placed on MWR by the Appropriations Committees was intended to encourage the services to restructure activities to the congressionally directed categories. That restructuring has now been done, but the cap limits our ability to comply by restricting the amount of APF that can be used. Specifically, the amount of APF being moved from category C/D to A/B is not great enough to comply with the congressional guidance to maximize support to categories A/B. We would ask your assistance in obtaining relief from the cap so we can comply with your funding guidance for these activities.

In addition to redefining MWR's funding policies, Congress gave the Services specific direction to place MWR on a more business-like footing. This included raising fees and charges to within 25 percent of the cost of similar off-base activities and to operate MWR activities on a demand driven basis. The Air Force is responding by increasing golf, bowling and open messes fees by 40 to 100 percent, eliminating APF support for golf courses maintenance and by closing or consolidating those with insufficient patronage.

To focus further attention on the need to operate MWR more business-like, Congress looked at the projected return on investment for any proposed construction involving an MWR business activity. Several top priority projects for the Air Force were disapproved or deferred purely on a financial basis. While financial return on investment should be a factor in the approval process, the impact on investment in Air Force people at locations where needed facilities are denied should also be a consideration. The Air Force has always followed a "greatest need" philosophy in prioritizing MWR construction, with overseas locations receiving primary consideration. We would ask Congress to consider this when reviewing our recommendations for NAF construction.

Congress has recognized the need to retain APF funding for business activities at remote and isolated locations where off-base recreation activities are unavailable. Since most direct APF support for certain business activities was discontinued on 1 October 1988 and will stop for all on 1 October 1990, timely congressional approval of locations nominated for remote and isolated status is needed to ensure MWR activities can continue to meet mission requirements at those locations.

The Air Force is working on a plan to present to OSD/OMB seeking some level of APF support to open messes for their on-site feeding function. This support would acknowledge the Air Force has the same responsibility to feed its work force as any other employer or government agency.

A final major concern is compliance with Congressional guidance to convert APF civilians in business activities to NAF employees and all NAF employees in mission essential MWR activities to APF employees. The Office of Secretary of Defense is in the final stages of preparing a report to the Congress concerning portability of employee benefits. The life blood of any business is the employees who manage and operate it. We cannot afford to short change them in the process of restructuring our funding procedures.

The Air Force has worked conscientiously to implement Congressional guidance for changing the way we do business. We have implemented new personnel and funding policies and have raised fees and charges to move business activities toward a self-sufficient posture. These changes have resulted in turmoil at the unit level that have severely impacted our employees and clientele. Legislation is needed to effect portability of employee benefits. Further, congressional recognition is needed for APF support at remote and isolated locations, as well as for open mess on-site feeding concept. In addition, a period of stability is needed to fully implement the direction of Congress and acclimate the Air Force community to recent changes. Morale is a delicate value not easily developed or defined but invaluable to a military organization. We must let this knowledge guide us as we face the challenges of the future.

CONCLUSION:

Mr Chairman and members of the Committee, I have addressed the primary manpower and personnel concerns challenging Air Force leadership. We will continue to make the tough decisions necessary to stay within your guidance yet maintain a viable combat force. However, continued congressional funding constraints imposed on our compensation, environmental, and force structuring programs could jeopardize programmed development designed to cope with future mission responsibilities. The FY 1990/1991 budget represents our commitment to meeting these challenges while maintaining sound fiscal stewardship. With your support, I am confident we can provide a stable environment for our most important priority, our people.

Senator GLENN. Thank you, gentlemen. Good statements. Just to set the frame of reference here, did you have to clear all of your statements through OMB?

Mr. BERTEAU. Yes, sir, I believe they were.

Senator GLENN. Were there changes made in your statements?

Mr. BERTEAU. I am not aware of any substantial changes, but there were a few wordsmithing changes.

Senator GLENN. There were no changes in anything of any substance or matters that you wanted to bring before us that were not included in the statements?

Mr. BERTEAU. Not in my statement, certainly.

Senator GLENN. Okay, any of the rest of you? No changes at all? General Ono?

General ONO. No changes.

Senator GLENN. Hickey? No changes in your statement?

General HICKEY. I do not think so. We are still working within the administration on our position on the ACIA or the Glenn-McCain bill.

Senator GLENN. Fine. Admiral Boorda, any changes in your statement.

Admiral BOORDA. Only minor.

Senator GLENN. Okay, gentlemen.

Admiral BOORDA. No changes, sir.

Senator GLENN. Okay. You are aware of some of the difficulties in that area, and my view on this is that we do not, I do not quarrel with the administration putting together a united policy. But we have had some instances recently where it got considerably beyond just coordination of policy from one statement to another, it got a little out of hand.

And so, you gentlemen are aware that if you are asked your personal opinion, you are duty bound to this committee to give your personal opinion, whether it agrees with what the OMB put down as their policy view or not. It causes a little difficulty sometimes in the hearings, but we have had some problems not only in the Armed Services Committee and subcommittees, but also in the Governmental Affairs Committee that I chair. So I just wanted to set the record straight on that.

MANPOWER SPACES

Last November, former Secretary of Defense Carlucci and Admiral Crowe called on me to discuss the results of a DOD Inspector General study which had recommended a reduction over 7,000 manpower spaces from the JCS and the unified and specified commands. The existence of that study was first called to my attention by a ranking member on this committee, Senator McCain, at a subcommittee hearing we had in March of last year.

The gist of what Secretary Carlucci and Admiral Crowe had to say was that only around 3,000 of the 7,000 spaces identified in the study were actually excess to the JCS and the unified and specified commands. At that meeting, they also indicated to me that the disposition of the 3,000 spaces would be detailed later on. They said that there would be an audit trail when the fiscal 1990 and 1991 budget was put to bed.

Mr. Berteau, what criteria were used to arrive at the 3,000 figure and how did your office validate your figures, and do we have that audit trail to follow?

Mr. **Berteau**. Let me go back, if I can, sir, to the original study, which was done at the Secretary's request by Mr. Vander Schaaf, not in his capacity as the Deputy Inspector General, but as a representative of the Secretary on an independent study. So it is not technically an Inspector General study, but a study done for the Secretary.

You correctly noted and identified some 7,300 billets for potential takedown, and, in reviewing that, we basically divided up the recommendations of the study into several broad categories and exercised the judgment based upon a policy decision and then the numbers flowing out of that, as well as a specific examination of each proposal and the billets associated with each proposal.

The vast majority of the billets that were not taken down fell primarily into the category of billets that would have been taken down had we taken the recommendation to eliminate component commands for particular unified and specified command organizations.

In other words, we would have eliminated the Air Force, Army, and Navy component commands within specific unified and specified commands. So the vast majority of the 4,300 that were not taken down were as a result of the Secretary's decision—based upon the advice, in part, of the Chairman, the Secretaries of the military departments, and the unified and specified commanders—that such a policy decision would not be wise.

Most of the remaining billets fell into three categories: some specific billets that were recommended for reduction by the Chairman, which totaled about 500 in number; a huge number of billets in headquarters and command structure associated with base operating support, which totaled about 1,000 billets; and a whole host of specific and not necessarily all related economies and efficiencies throughout the command headquarters structures, which totaled up about another 1,500 billets.

Based upon, in part, the recommendation from various OSD offices, the Secretary elected to take all 3,000 of those billets down. As you noted, the Chairman proposed that the services be permitted to propose adding back some of those billets into existing combat units where there was undermanning of billets, and, after consultation with yourself, I believe, to look at putting the civilians into some of the critical medical shortage areas that we had.

We, in fact, entertained proposals from the services in that regard. We got a substantial number of proposals. We validated each of those billet by billet to ensure that they, in fact, met the criteria of both existing combat units and vacant billets within those existing combat units so that they would contribute to the manning of those combat units, or were, in fact, areas where we had the medical shortfall.

We ended up approving, I believe, 2,244 billets for add-back. Those were added back as part of the budget exercise in putting together the original fiscal year 1990 budget. So the books were adjusted to show 3,000—or 2,990, I think, is the actual number—coming down and 2,244 going back up. The 2,990 actually came out of the organizations where Mr. Vander Schaaf had recommended reductions and the 2,244 went back up in other combat and medical units.

We have the detail on the 2,244, but some of the services, particularly some of the commands within the services, which were hit by up to 10 percent of their headquarters, asked to have the opportunity to restructure their headquarters based upon that reduction, because, in some cases, there was a marriage of ideas between what Mr. Vander Schaaf had proposed and something that the command structure within the CINC had wanted to do anyway.

So they are taking the opportunity to do that. We now are reviewing the final inputs of where all the 2,990 are coming down, and when we have completed that review, we would be happy to provide that to the committee.

Senator GLENN. OK, what is your target date for completion?

Mr. BERTEAU. I believe our target date is very soon, within the next 2 to 3 weeks, if not sooner than that.

Senator GLENN. OK, I would like——

Mr. BERTEAU. We are very near to wrapping that up——

Senator GLENN. If you could identify those spaces for us by service and by grade, also, I would like to have that for the record.

Mr. BERTEAU. Do you want the specific, all 2,990 billets and all 2,244 billets?

Senator GLENN. Yes, we would like to have those for the record so that we can see how these things are being carried out. We have worked on this, as you are well aware, for——

Mr. BERTEAU. Yes, sir.

Senator Glenn [continuing]. Somewhere, it is 3, maybe 4 years now, we have been after various aspects of this thing and we would like to follow through on the details. So we would appreciate all the details you can put into that report.

Mr. **Berteau**. There are plenty of them, and we have looked at all very, very carefully.

VANDER SCHAAF STUDY

Senator **Glenn**. All right. Good. The so-called, Vander Schaaf study that you referred to, also, implies that there are other efficiencies that can be achieved in other headquarters elements. Are there any initiatives in DOD to review management headquarters along the lines of the Vander Schaaf study? What is going on in that regard?

Mr. **Berteau**. If I can take you back to our response on the officer requirement study a year ago, what we have been aiming toward, with tremendous support from all the service manpower communities and from the Joint Staff is more of a standardized procedure that will match our requirements and our authorizations against the assigned inventory across the board.

So, in taking the steps prior to the Vander Schaaf study's even being started, much less being implemented, it is our belief that we are better off if we institutionalize that oversight process at the billet level of detail, and we are doing that. And as a result of doing that, we will actually be able, without having to send, necessarily, teams out to look at any particular command, et cetera, to target those areas that need a further look at that level of detail, instead of just a blanket "Let's go out and see what we can find, gentlemen, and get everybody to come in and brief us."

Now, we think that as a result of our efforts in institutionalizing that oversight, we will be able to focus much more carefully on those kinds of questions where there is actually a high payoff and some benefit to DOD, rather than another Vander Schaaf exercise, if you will.

Senator **Glenn**. Okay.

Mr. **Berteau**. There are no ongoing or contemplated additional Vander Schaaf exercises.

Senator **Glenn**. Last year——

Mr. **Berteau**. I am sure Derek has some of his own that he is contemplating, but that is independent of——

Senator **Glenn**. The what? I am sorry——

Mr. **Berteau**. I am sure Derek has some of his own that he is contemplating, but that is independent of anything that we would request that he do.

Senator **Glenn**. Well, we may want to talk to him separately about that.

GENERAL AND FLAG OFFICERS

Last year the Department of Defense submitted a report to the Committee on Armed Services which proposed an increase of 363 general and flag officer authorizations. We had a hearing on that last August.

It was clear from that hearing the report did not justify the requested increase, because the requirements' determination procedure was not zero-based, and, more specifically, the study assumed that the existing organizational structures and staffing patterns in DOD were valid and then started from there.

I understand that the Department, since that time, has directed an annual review of 25 percent of general and flag officer positions in DOD, and at the first increment of this review suggests certain reductions and reallocations.

What is the status of that review and what are the preliminary results and when will the study be complete?

Mr. BERTEAU. Mr. Chairman, it is important to note that, whenever you are looking at billet-level requirements, you have to have some kind of a baseline from which you start. To say that the general and flag officer study last year was not zero-based, I think, presumes a definition of billet-level requirements analysis with which we might have a bit of disagreement.

In order to validate whether or not a specific job is, in fact, large enough for a general officer to do it, you have to have——

Senator GLENN. Well, whether it was zero-based or not, though, I think your assumption was that the existing organizational structures and staffing patterns were valid and started from there, whether it was zero-based or not.

Mr. BERTEAU. That the existing organizational structures were valid is, in fact, an assumption which we did make. However, there were cases where, despite the guidance at the front end of the study, we did look at alternative staffing patterns in order to determine whether or not the job itself was large enough to require a general officer.

But let me go on to the question of the current revalidation. We are in the process of wrapping that up. We do not have any preliminary results yet. That is still in staffing, particular with respect to what we call the caveat process of pointing out any that are particularly out of line with the overall patterns. I expect that we will have that up soon. We have a new Secretary and Deputy Secretary, of course, whom we will have to brief on this because they are not aware of the detailed history behind this long episode that we have had on the general and flag officer requirements, going back some 35 years.

I do not know of a specific date that we will be able to provide the committee with the status of that, but we will get you a projection for the record of our completion date, and then we will be glad to share with you the results of that at the appropriate time.

[The information follows:]

REVALIDATION REPORT

The annual 25 percent revalidation report draft has been reviewed and the final report should be completed and ready for publication by the end of September.

Senator GLENN. All right. Fine. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. First, I would just like to thank this distinguished panel for being here. We appreciate that. General Hickey, good to see you again.

General HICKEY. Good to see you, sir.

Senator LOTT. You had the good fortune of having the best assignment in the country: he was at Keesler Air Force Base in Biloxi, Mississippi, for a while.

Admiral Boorda, I know that the Navy has been experiencing some difficulty in recruiting and retaining physicians and nurses, but I see from your statement, just looking over this, that you have got some innovative proposals to solve the problem. Now, we have had some problems with that in, I guess, all the services. I know we had it at Keesler Air Force Base Hospital, some of the services that have been available to our active duty people, but more particularly for some of our retired personnel.

RECRUITING AND RETAINING PHYSICIANS AND NURSES

I am not as familiar with the problems in the Navy, but I understand that they may be even worse. I am talking about a whole number of problems—what services we are going to provide to active duty people, their dependents, retired personnel. But you do have a continuous problem with physicians and nurses. Would you just elaborate a little bit about what you are going to do to try to deal with this problem?

Admiral BOORDA. Well, we have, as I think you know, we have given an awful lot of attention to medical issues. We have formed a blue ribbon panel that consists of the line leadership of the Navy, headed by the vice chief—and I am on it—three or four other three-stars, so that we can take action on certain things rather than just talk about them.

And in the nurse and doctor area, we really have two very related problems. One is retention. Our retention is down, and part of that is money and part of that is support and the environment in which they are practicing. So we are trying to help them with all of these. And the other related thing to that is, as retention goes down, we need to recruit more. And right now, this is not a good recruiting environment in this country for either doctors or nurses.

So we have been looking for ways to be more effective in keeping people, thus reducing our recruiting requirements, and also recruiting better.

Senator LOTT. But speak to the innovative side of it, if you would.

Admiral BOORDA. First of all, and I think this applies to all services, not just the Navy, we really believe that we need accession bonuses for nurses. Nurses now are in demand in so many places in the country for so many types of care, out of hospitals as well as in hospitals, that we need to be more attractive to them to come in. We found we needed accession bonuses for nuclear trained officers; we are going to need them for nurses.

In the absence of that, while you are considering it and we are considering it and legislation is being prepared, we are using programs like NROTC to bring nurses in now instead of just line officers.

We had a program that let us bring in minority officers; it was called the Baccaluareate Degree Completion Program. We enlist the people as reservists, pay them a salary, basically their base pay for a low-pay grade, but have their duty station be attending school. It is a little cheaper than our NROTC, but it is an effective way to get people affiliated with the Navy, obligated during their training, and then assigned on active duty after it is done. We are finding that is very attractive to nurses.

And so both of those programs were brand new for us, but I talked to recruiters in the last couple of days out in the field, and they are having no trouble finding interested young college students that would like to participate.

Senator LOTT. Well, let me ask you a question. I think you touched on the point I want to make: interested young college persons. What about the 50-year-old or the 55-year-old doctor that has been in the community for several years but he is interested in coming back on active duty for 4 years. I had one from Moss Point, Mississippi, well-known, qualified physician, wanted to go into the Navy, wanted to be on a carrier and it was the biggest harangue to get him in I have been through in my life.

I eventually had to talk to the Secretary of the Navy to get a man, a highly qualified doctor, in on a temporary basis. I think you ought to look at that, some of these older doctors who want to come in.

Admiral BOORDA. We just revised, and I have submitted our procedures for bringing in doctors and they are going to be approved, we are already using most of the procedures. We have cut down the time for credentialing. I am sure that individual went through a horrendous amount of——

Senator LOTT. It was terrible.

Admiral BOORDA [continuing]. Forms and what have you, but we were reacting to several horror stories, one in particular right in Bethesda. We did not want that to happen again. So we had a very, very detailed credentialing process; now we think we have one that is just as good but a good deal more streamlined. And I think we can cut the time in half it takes to bring a doctor on board.

Senator LOTT. Another problem, they want to bring him in as a lieutenant commander.

Admiral BOORDA. We can bring doctors in at much higher pay grades than that if they have the experience, a specialty we need——

Senator LOTT. You are going to need to——

INSURANCE PROBLEMS FOR DOCTORS

Admiral BOORDA [continuing]. And that sort of thing. And we are doing that, but one thing I would like to say is that, and we have lots and lots of doctors who are coming back that way. We are not talking about huge numbers of people here, but we are talking about 10's of doctors, and each one helps us a great deal.

One of the problems that doctors have today is the insurance problem. And it is a serious problem. I never realized it until I came back to this job, but when a doctor gets himself insured, or herself insured, he or she must keep that insurance in force or it does not pay for any claims filed for past practice.

So they cannot get disassociated from the insurance company without paying off what they call a tail. And that can be, depending on the specialty, as much as $200,000, probably would average around $50,000 or $60,000, so that, later on, a year or two later, if someone sues them they are covered. We do not pay enough, Senator Lott, for the person to come on active duty and be able to make those insurance payments. And, of course, he or she does not need them on active duty because we insure them.

Senator LOTT. $200,000 over what period of time, to keep up their insurance?

Admiral BOORDA. No, sir, that would be to buy it out, so that any——

Senator LOTT. Buy out of their policy?

Admiral BOORDA. Yes, sir. And that could be as little as $50,000 or $60,000 as well, depending on the specialty.

Senator LOTT. OB-GYN would be——

Admiral BOORDA. One of the higher.

Senator LOTT. Yes, well, I do not want to——

Admiral BOORDA. We have some legislation we are working up to you in that regard, because I think we can get some doctors fairly cheaply. That is not much money to pay to get a doctor who wants to serve with you——

Senator LOTT. My time has expired. Would you grant me just a little extra time here, please, Mr. Chairman?

Senator GLENN. Certainly.

Senator LOTT. I just want to make one final point on that and I have one other question. Again, I want to emphasize that you are going to be innovative; you are going to have to do some things to get doctors in and to keep them.

Second, and I realize it is a big problem, it is a cost problem, and I realize that some of our people maybe, thought they were going to get more than they really were entitled to, but when you have disenchanted retirees about their access to medical care, it begins to affect us in a lot of other ways. I mean, you heard, you know it, about how it affects morale if you do not have medical services. And I sure hear a lot of grousing about it from my area.

So I hope all the services will pay attention to what we are providing the personnel, their dependents; and we cannot either renege or give the appearance to be reneging on a commitment we made to retired officers, for instance, about the health care they were going to get. And I just think it is a very important area.

QUALITY OF MEN AND WOMEN IN THE SERVICES

General Ono, your assessment on the trend of recruiting quality really bothered me. I have been very much impressed over the past 7 or 8 years about, you know, meeting the quotas, the quality of our men and women in the services. I thought the recruitment was going great.

But, you know, the population trends are working against us now in a lot of ways. But the trends about the quality that you referred to in your statement are really of concern to me. Can you qualify those trends, and what can we do about it?

General ONO. Well, you know, as you stated, the demographic trends are on the way down, so the young men and women of recruitable age are on its swing down, and the low point will occur around 1994, 1995. So therefore we have not seen the bottom of this as yet.

The Army has been extraordinarily proud of how we came out of a very poor recruiting environment into a very good one. It was done with a tremendous commitment in putting some talented people into those jobs as well as putting some resources and some support into recruiting. And that is the very thing that it needed.

Our recruiting results became very successful and we became the victims of that success is how I see it. Because, as we got better, the programs and the resources started to be cut.

Let me give you some examples. Enlisted advertising—it is extraordinarily important to advertise because many of our young men and women just do not know what the Army is about. What we want to get is a situation where they know what the Army is about so when a recruiter calls them or talks to them, they do not hang up the telephone or walk away from them. So advertising is important.

From 1986 to 1989, the budget for advertising showed reductions in excess of 28 percent. Same thing happened in enlistment bonuses, which are extraordinarily important for us to attract as well as distribute our soldiers correctly into tough skills; a 49-percent reduction there. And in Army college fund dollars, which are very important to recruit those soldiers who have college on their minds, who are willing to come into this U.S. Army for a few years and then go to college, a 56-percent reduction. And on the 2-year Army college fund, in particular, a subsection of this program, a 57-percent reduction.

So I am talking about resources being cut too deeply, Senator Lott, resources that should have been maintained at the correct levels. Our attempt now is to get them back up so that we can recruit favorably. We are with you; the quality Army is a wise, wise investment. And in our amended budget for fiscal year 1990, we do have programs to restore recruiting resources to the correct levels.

Mr. BERTEAU. Mr. Chairman and Senator Lott, if I might have the liberty to put a little context around in support of what General Ono has said. The bottoming out of the 18-year-old pool will hit the bottom of the trough in 1992. Then the number of 18-year-olds starts going back up. The overall 18-to-24 year group, which is about 83 percent of our non-prior service accessions, will bottom out in 1996 and then it starts turning back up.

But we have a lot of evidence—based on experience, on studies that have been done, on some very sophisticated models that we have, et cetera, but particularly based on experience, in part, such as what General Ono has just cited—that it is not just the raw numbers of available population that is the critical factor here.

It is, in fact, the correct application of resources, both in terms of the overall compensation climate or the troops today maintaining their purchasing power, and in terms of maintaining the quality of life that makes it attractive to come in. More specifically, marginal changes in the recruiting resources, the advertising, the enlistment bonuses, the facilities and their locations, the additional educational benefits like the Army college fund, have tremendous impact on our ability to recruit the people that we need, both in terms of quality and in terms of the numbers.

And for judicious application of a relatively very small amount of money, we will have no problems, maintaining both the quality and the quantity of the people we need throughout that trough. But we do have to put the resources where they are needed in order to do that. If we fail to do that as a Nation, we will suffer the consequences.

Senator Lott. Thank you, Mr. Chairman.

Senator Glenn. Thank you, Senator Lott. I believe the figures, that I recall we had some time ago, were that the estimates that we were going to have to pick up about one out of three eligibles out of the young people just to staff existing end strength levels. Is that still the figure?

Mr. Berteau. Sir, I am not sure where those numbers come from. I have seen numbers like that in statements in the media. Our projections are that in 1996, which will be at the bottom of the trough for the 18-to-24-year group; we will need to have slightly under 6 percent as non-prior service accessions.

And in the 18-year group alone, in 1992, which is the bottom of the trough, it will be only something on the order of 10 or 11 percent. I could give you our detailed numbers and projections there over a time period for the record if you would like.

[The information follows:]

Youth Population Impact on Recruiting

There have been many questions on the ability of the services to continue to attract quality people in required numbers with the size of the youth population declining. The limiting factor in meeting service needs is the size of the 18- to 24-year old male cohort, since combat exclusion laws limit female recruiting objectives. We focus on the 18–24-year-old male population because they comprise approximately 80 percent of our accessions each year.

The following table contrasts the male 18–24-year-old youth population and projected non-prior service (NPS) requirements of the Active and Reserve components at selected points in time: 1974 was the first full year of the volunteer concept (a good recruiting year); 1979 was the year the youth population peaked, and is also the only year since the volunteer force began that all services failed to achieve their recruiting goals; 1996 is the year the population will reach its low point; and 1999, 10 years hence, is as far out as it makes sense to project these trends.

Fiscal year	18–24-year-old male population	Qualified 18–24-year-old males	NPS male accessions	Percent of qualified 18 to 24 year olds needed
1974	13,736,000	5,658,500	404,300	7.1
1979	15,186,000	7,181,700	340,600	4.7
1989	13,419,000	6,485,173	330,079	5.1
1996	11,840,000	5,656,638	327,017	5.8
1999	12,290,000	5,898,120	327,017	5.5

This table shows that, while the youth cohort will continue to decline, the services will require only a small percentage of the qualified and available young men. In addition, even in 1996, the services will need to recruit a smaller proportion than was needed in 1974.

Analysts frequently have looked at only the 18-year-old cohort in attempting to assess the impact of the population decline; usually these studies imply that the services must fill all their requirements from this group. In reality, this single age cohort accounts for approximately 35 percent of active and 25 percent of Reserve male accessions each year. The following table shows the 18-year-old recruiting picture at the same points in time (substituting 1992 as the year when the 18-year-old male youth population bottoms out):

Fiscal year	18-year-old male population	Qualified 18-year-old males	NPS male accessions	Percent of qualified 18-year-old needed
1974	2,078,000	1,089,900	135,400	12.4
1979	2,196,000	1,174,100	122,700	10.5
1989	1,930,000	1,039,999	104,238	10.0
1992	1,696,000	912,400	107,600	12.3
1999	1,890,000	1,017,421	107,622	10.6

The decline in the youth cohort will make recruiting more difficult and may cause accession quality to decline slightly from the record levels obtained in recent years. However, with competitive military pay and adequate recruiting resources, the services can satisfy requirements for quality recruits.

Senator GLENN. The area Senator Lott was into on the medical situation is something we have discussed before with all of you gentlemen in previous hearings, and we will be discussing them again. I did not plan to make that a focal point of it today. It is an even greater problem in getting people into the Reserves, which we depend on for combat, of course.

I think now we can recruit people, we can recruit doctors, I believe, at any age. It is just that if you are going to give them a chance to make a career and retire—and we upped the retirement age for doctors up to 67, so in effect, that meant if they are going to get a 20-year retirement, that they would have to get in by 47, which, in effect, upped our age from 42 to 47 to bring them in, if you follow that convoluted track there. But they can come in at any age.

Where some of our medical problems have gotten very severe, though, is in the Reserves. We are on the total force concept. We have been there since 1973. We have never revisited that and I think we should, to see where our allocations of people for combat are coming from. I do not want to spend a lot of time on it today, but I just wanted to point that out. We are having big problems there.

In reviewing the general officer requirements issue last year, we got into this matter of frocking. Frocking, for those who may not be familiar with the term, is the practice of promoting an officer to a higher grade before a funded vacancy is available. The person has been selected for a higher grade, the money is not there to promote them and pay them in that scale; we go ahead and put them in the new job at the lower pay.

Now, General Ono, in your area, DOD statistics indicate the Army has 37 officers, frocked to the one-star grade, and 18 frocked to two-star. You have bigger numbers of people involved, of course, but they far exceed those numbers in other services. The Army now has 444 officers in the general officer grades; that is 97 more than the Air Force and 167 more than the Navy has wearing stars. So there is a big difference on your base here.

REDUCING NUMBER OF FROCKED GENERAL OFFICERS

What is your explanation of this situation? Is the Army doing anything to reduce the number of frocked general officers? If you have that 444, and if you have 37 in one-star and 18 in two-star, that is 55; that is like, 12 percent, 13 percent of your officers are in frock positions.

General **Ono**. Your numbers are very close. As of today, our number of frocked officers to brigadier general is 36, and to major general is 17. The Chief of Staff of the Army approves each and every one of them, Mr. Chairman. The priority that he uses to consider them are number one, command or troop leading assignments; that, of course, is the number one priority in regard to considering the frocking request.

The Chief also looks at, as a second priority, joint positions, international positions, and positions which have extensive civilian interface in order to maintain service of national image, and the third category, other positions where frocking will enhance the effectiveness of the positions. The OSD has allowed us a ceiling of 37 for frocking to brigadier general, and we have maintained that at 36.

Senator **Glenn**. Well——

Mr. **Berteau**. Mr. Chairman, if I might——

Senator **Glenn**. Yes, I was going to——

Mr. **Berteau** [continuing]. Speak to that from an overall DOD perspective.

Senator **Glenn**. Yes, let me ask about that. That was going to be my next question to you, Mr. Berteau, regarding all of these frocked general officers in the Army that are expected to be in a frocked status for a year or longer. That represents a whole promotion list.

And many of the ones on the list that I looked at yesterday, as a matter of fact, were frocked officers filling many deputy jobs. They are not in command positions; many of them are deputies, where their bosses are already general officers and other jobs that are within the Army, as opposed to jobs in the joint arena. Do we have a DOD, an OSD policy on this frocking that should be applicable across the board to all services?

Mr. **Berteau**. Yes, sir, we do. As you know, the numbers have been coming down substantially over the past few years. In fact, we are down about 10 percent even from where we were at this hearing last year. We have clear criteria which are laid out, and we have a DOD directive out on that. And we look at each frocked position to ensure that it, in fact, adheres to those criteria——

Senator **Glenn**. Does the Army fit in that, in your directive?

Mr. **Berteau**. The Army does fit into that category. All the Army frocked billets fit into that category.

Senator **Glenn**. Do you review those service by service? Do all those frock requests come to you?

Mr. **Berteau**. I do not know if they come to us for advance approval, but we do review them; and we are, in fact, in a position to say whether or not the criteria have been met. The criteria include that it has to be a valid general officer billet, that the individual being frocked has to have already been approved on a promotion list to that level, and that there has to be substantial evidence that the individual's performance in that job will be enhanced if he or she is frocked to that position.

All of the services have maintained frocked positions either at or below the ceilings that we allocate to them; in most cases, substantially below. We have, I believe, about 65 right now, and, under the criteria that we have laid out, the ceiling we have is 95. So we are substantially below that.

We are continually looking to see if, in fact, there are additional applicable criteria that might need to be applied. And in the event there are, we will consider putting those on the services and then holding them to that.

Senator GLENN. In testimony before this subcommittee last year, Mr. Grant Green, former Assistant Secretary of Defense for Force Management and Personnel, indicated that a flat prohibition on frocking, while not quantifiable in terms of its effect on combat readiness, could have a detrimental effect, principally in joint or international positions where relative grade seniority is important.

And I have backed that up. I support that. I know I have been around those positions enough in my own checkered past to appreciate some of those positions and what they mean in dealing with your counterparts in other services or staffs.

But would you support a policy that restricted frocking to these types of positions and to selected line command positions within the services only?

Mr. BERTEAU. I think by and large, if you looked at the overall frocking numbers—and there would be some exceptions to this—by and large, they tend to fall into the categories of either the joint or the international, where there is a representational problem, or within the command structure itself, where there is a command structure issue.

Senator GLENN. Well, unless I got some bum dope, that does not track. For instance, we have a Deputy Chief of Staff, ammunition AMC, we have a Deputy Director of Acquisition Management DLA, we have an Assistant Deputy Director OPSNSA, a Deputy Commandant——

Mr. BERTEAU. We may have a definitional problem here, Mr. Chairman. Some of those jobs I am personally very familiar with, and they are, in fact, command jobs. There are other general officers reporting to some of those individuals as well as the general officer to whom that individual reports.

Senator GLENN. Okay. Well, I will not go through item by item and discuss them with you here or try and track them all down. But can you give us a rundown on those for the record, so we will know exactly what we have? Which are command positions and which are not?

Mr. BERTEAU. Be glad to do that.

[The information follows:]

Frocked billets by type (25 May 1989)

Air Force command:	
Commander, 16th Air Force	O8
Commander, 831st Air Division	O7
Commander, 57th FWWg, TAC	O7
Commander, 28th Air Division	O7
Commander, 830 Air Division	O7
Deputy Commander, Joint Task Force, MidEast, CENTCOM	O7
Air Force joint/international:	
Director, Intelligence, J-2, EUCOM	O8
Director, J-6, TRANSCOM	O7
Director, J-6, CENTCOM	O7

Program Director, Advanced Tactical Fighter	O7
Deputy Director, Strategy and Plans, Joint Staff	O7
Air Force other:	
DC/S Ops; Deputy Director Operations, HQ USAFE	O8
Director, Planning and Integration, SAF	O7
Special Assistant, Strategic Modernization	O7
DC/S, plans and programs	O7
Inspector general, strategic air command	O7
Deputy Commander, Operations, Control, AFSC	O7
Navy command:	
Commander, Carrier Group FIVE	O8
Commander, Cruiser Destroyer Group TWELVE	O8
Commander, US Forces Korea	O8
Commander, Amphibious Group THREE	O8
Commander, Patrol Wing, US Pacific Fleet	O8
Commander, Carrier Group SEVEN	O8
Commander, Cruiser Destroyer Group TWO	O8
Commander, Carrier Group SIX	O8
Commander, Carrier Group TWO	O8
Superintendant, U.S. Naval Academy	O8
Commander, Carrier Group ONE	O8
Commander, Submarine Group EIGHT	O8
Commander, Cruiser Destroyer Group EIGHT	O8
Commander, Submarine Group NINE	O8
Commander, Cruiser Destroyer Group FIVE	O8
Commander, Cruiser Destroyer Group ONE	O8
Commander, Strike Fighter Wing, Atlantic	O7
Commander, Naval Space Command	O7
Commander, Naval Logistics Command, Pacific Fleet	O7
Commander, Naval Standing Force, Atlantic	O7
Commander, Naval Medical Command	O7
Commander, Naval Surface Reserve Force	O7
Commander, Defense General Supply Center	O7
Navy joint/international:	
Assistant Inspector General, OSD	O7
Deputy Chief of Staff for Logistics, CINCSOUTH	O7
Deputy Assistant Secretary of Defense, Sp Operations	O7
Command Director, NORAD	O7
Director, East Asia/Pacific, OSD(ISA)	O7
Director, Intelligence, CINCLANT	O7
J-3, CINCLANT	O7
Navy other:	
Deputy Chief of Staff for Naval Reserve	O7
Director, Total Force Program	O7
Director for Distribution, Personnel Command	O7
Director, Anti-Submarine Division	O7
Director, Department of the Navy Information Resources	O7
Inspector General, CINCPACFLT	O7
Chief, Legislative Affairs	O7
Marine command:	
Commanding General, 4th Marine Air Wing	O8
Commanding General, 4th Marine Division	O8
Commanding General, 1st Marine Amphibious Brigade	O8
Commanding General, Marine Corps Base, Camp LeJeune	O8
Assistant Division Commander, 1st Marine Division	O7
Assistant Wing Commander, 1st Marine Aircraft Wing	O7
Marine joint/international:	
Director, Inter-American Region (ISA)	O7
Marine other:	
Director, Personnel Management Division	O8
Director, Personnel Procurement Division	O7
Director, Manpower Plans and Policy Division	O7
Assistant Deputy Chief of Staff for Aviation	O7
Program Manager, V-22	O7
Army command:	
Deputy Commandant, Command and General Staff College	O8
Commanding General, 7th Infantry Division	O8

Commanding General, 82d Airborne Division	O8
Commanding General, Recruiting Command	O8
Dep Commanding General, Army Info Sys Command	O8
Assistant Division Commander, 3d Armored Division	O7
Assistant Division Commander, 9th Infantry Division	O7
Deputy Commanding General, 21st TAACOM	O7
Assistant Division Commander, 101st Airborne	O7
Assistant Division Commander, 2d Armor Division	O7
Commanding General, West Region, MTMC	O7
Assistant Division Commander, 3d Infantry Division	O7
Deputy, Commanding General, US Army Japan/IX Corps	O7
Commanding General, Army Engineer Div, North Pacific	O7
Assistant Division Commander, 10th Mountain Division	O7
Assistant Division Commander, 82d Airborne Division	07
Assistant Division Commander, 1st Armored Division	O7
Commanding General, 19th Support Command	O7
Asst Commandant, Army Infantry School	O7
Army joint/international:	
Deputy Director, Acquisition Management, DLA	O8
Assistant Deputy Director, Operations, NSA	O8
Commanding General, Def Ind Tactical Supply Center	O8
J-5, TRANSCOM	O8
Director, C3, J-6, PACCOM	O8
Senior Military Assistant, DepSecDef	O7
DATT, Brazil	O7
Assistant Deputy Director, Pol Mil, J-5	O7
Deputy Defense Advisor, NATO Military Committee	O7
DASD (Guard & Reserve Readiness)	O7
Chief of Staff, SDIO	O7
Deputy Controller, SACEUR	O7
Asst Chief of Staff, Plans & Pol, AFSOUTH	O7
Army other:	
Dep Director, Tech & Asses, OSA	O8
Dep Chief of Staff, Ammunition AMC	O8
Chief of Staff, AMC	O8
J-3, Forces Command	O8
Prog Executive Off, Cmd & Control Sys	O8
Dep Chf of Staff, Intel, US Army Eur and 7th Army	O8
Dep Chf of Staff, Dev, Eng, & Acq, AMC	O8
Dep Chf of Staff, Doctrine, TRADOC	O8
Director, Training, ODC/S Ops and Plans	O7
Project Manager, Army Anti-Satellite Program	O7
Army other:	
Prog Executive Officer, Intel and EW	O7
Prog Executive Officer, Air Defense	O7
Asst Dep C/S, Combat Dev TRADOC	O7
Deputy Chief, Legislative Liaison, OSA	O7
Prog Executive Officer, Fire Support	O7
Dep Director, Strategy, ODC/S Ops and Plans	O7
Deputy Chief, Army Reserve	O7
Prog Exec Off, Communications Sys	O7
Dep Prog Exec Off, HvyForModern	O7
Chief of Staff, I Corps and Ft. Lewis	O7
Director, Operations, Maintenance, Army Appropriation	O7

Senator GLENN. Fine. Thank you. My time is up. Senator Lott.

Senator LOTT. I do not have any further questions, Mr. Chairman.

OFFICER STRENGTH LEVELS

Senator GLENN. All right, thank you. On the officer strength levels in relation to enlisted strength that we have discussed in the past, and undoubtedly we will discuss in the future, but that is one issue we got on some years ago, which caused a great deal of consternation, and I wound up over in the tank with the JCS discussing this at one point. We came to some agreements on that. I think we have made great progress in that area, I really do.

And it took a long time and I have been told by members of the joint chiefs as well as the chairman that he feels, in retrospect, that it was good that we went through that drill, and that we went back and revalidated some of the billets out of the past and how they were being validated by DOD, and there have been actions taken over the last 3 years, as you indicated in your statement, too, Mr. Berteau.

Still, I note the Army comes down as proposed end strength for fiscal 1990 by 7,400 that only 833 of that number are officer billets, one for every eight, and maybe that fits about on the right ratio. Navy comes down in its proposed end strength for, in fiscal 1990, by 1,200; none of those reductions, as proposed, are officer billets. So your ratio is headed the wrong direction again.

Marine Corps remains unchanged in end strength and officer enlisted makes for fiscal 1990. Air Force comes down in its proposed end strength for 1990 by 3,076; of that number, 2,332 are officer billets. So you are really changing the ratios there in the direction that we had thought might be advisable.

We obviously have some big differences here. Mr. Berteau, does OSD, first, have a process in existence now to validate the requested officer strengths for fiscal 1990, and in ensuing years beyond that, for each of these services? And what are the criteria that you use?

Mr. BERTEAU. Mr. Chairman, indeed we do. We look not only at the programmatic relationship between what the services have in their programs and the manpower, but also, in particular, at the active duty officer requirements associated with that.

We pay particular attention to each area where a change is proposed, either up or down, to ensure that, in fact, the programmatically appropriate proportion of officer and enlisted is associated with that. In addition, the services, because of the overall ceiling, have, in fact, absorbed, within some cases, additional officer requirements, while not increasing the overall officer numbers.

I will talk in a minute about the outside service billets as well, which are a substantial number of officers that we have to control. In the case, for example, of the budget reductions and the force structure reductions associated with this year's budget reductions, we looked at each proposal and ensured that the number of officers, the adjustments that were made in the manpower program were commensurate with the reductions that were proposed.

Obviously, you point out, when you are taking down a brigade within an infantry division, there is not a huge number of officers associated with that. That tends to be a very enlisted-rich proportion within a brigade. That is the nature of the command structure.

There are a lot of other decisions that were reflected there, including some of the Vander Schaaf reductions, where, in fact, the proportion of officers that were reduced in the 3,000 billets that I discussed, was considerably higher than the proportion of officers that were back in the combat and medical billets that were added back. So we picked up a substantial number of officer reductions there.

There is a process in place for the outside service billets, the officer billets, we have a ceiling on every Defense Agency. We do not allow them to grow willy-nilly; they cannot just levy their requirements on the services and have the services meet those requirements with officers, which is an attractive option for the Defense Agencies. It is a free good; the service pays the guy a salary, and he comes and does the job for the Defense Agency.

But we have a process in place where those requirements cannot grow without being validated by us before they are allowed to——

Senator GLENN. Okay, and we are looking to you to follow along on that, because this was a very unpleasant experience for about 2 years, as some of you recall, some of you and your predecessors in the jobs that you are in right now.

We really had to blast to get a change of policy in this area, because, when we asked for validation of some of the ratios of officer to enlisted strength, we had a great deal of difficulty. OSD did not have the figures; they did not have a policy in place, regarding how they ran that show and how they were overseeing that, and yet we had been depending on these figures coming over here as figures that had been scrubbed, had been validated, and it created some consternation here when we found out that was not the case.

And so, then there was an inability to do this for about the better part of a year, and we went back and during that time period, we dealt with the individual services. And we should not have to do that.

What we found was, by and large, in those previous time periods and most of you were not here then, but back in those time periods, apparently, whatever the services requested, why, OSD just basically rubber-stamped it and sent it on over to us each year. And that is how things had gotten considerably out of whack.

So we are looking to your shop to really ride herd over this. We are looking to OSD to validate these or insist that the services validate them. And I do not want to get back into the business again of having to deal with each service, trying to validate officer billets, billet by billet. That is your job at OSD over there. And so we are looking to you to do that.

We are not lazy here, but we do want one-stop shopping over there; it is your job to run the services, not our job to run the individual services. We deal with you. I just wanted to state that. That is not a question; it is a statement. I just wanted to reiterate once again.

Mr. BERTEAU. Mr. Chairman, I understand that. I have invested a huge chunk of my own time personally in this over the last 3 years. I think that, as I stated earlier, we have had tremendous support and cooperation from all the services on this, as well as from the Joint Staff.

I think if you ask the individuals sitting to my right and left, they will assure you that I do not rubber-stamp what they propose. We have had a number of internal discussions on a variety of issues and, in fact, the process, I think we all agree, is one that works. It is one that we can build upon and ensure in the future, and it is one that will give us a lot more capability for every dollars we spend in the manpower area.

Senator GLENN. Fine. Admiral Boorda, I saw you move the mike over closer. Was the spirit moving you to say something?

END STRENGTH CUT

Admiral BOORDA. Oh, it really was. After you said we were going in the wrong direction, I needed to tell you that we were not. We did take a 1,200 end strength cut this year. I want you to know that we had, in our first budget submission, a 400-officer strength growth. It was mandated to increase the number of doctors in the Navy to solve the problems we were just talking about.

Although we took a 1,200 end strength cut and took all the 400 officers out when we took that reduction, we are still going to increase by 300 doctors. We are going to do that at the expense of the line and of the staff corps to beef up medical.

So, in fact, our line and staff ratio of officers to enlisted will very slightly improve over the next year. And I did not feel I could take any more out than that while I was trying to beef up the doctors.

Senator GLENN. Well, in 1980, your ratio was 1 to 7.3. In 1985, that had gone down to 1.70 and it is back up to 1.72, which is not a huge increase; but we just want to keep track of these things as they come along.

Admiral BOORDA. No, sir. And, in fact, we are reducing everything this year, but we need to get some medical increase. And it is very carefully managed. I would not say micro-managed by the gentleman on my right, but currently managed by the gentleman on my right.

Senator GLENN. What triggered this—and I do not want to discuss this all afternoon—was back when we ran into some figures about, I guess, it was almost 4 years ago now, where some of the increases in end strength had resulted in a ratio of acquisitions of about one to two. In other words, we had one officer for every two enlisted coming in. And the trends were all wrong at the time and nobody was really watching it. And that is where we asked our questions and that is what triggered some of the whole unpleasantness over the next 2, 2½ years or so.

So, anyway, that is an area that we think the OSD should be monitoring and keeping up on and we should not have to go and scrub those lists.

Senator Wilson, a former ranking member of the committee who has gone on to other things as a ranking member on a different subcommittee, do you have any questions?

AIR FORCE ROTC PROGRAM

Senator WILSON. Thank you, Mr. Chairman. That is true, but I retain keen interest in the doings of this subcommittee. Gentleman, let me welcome you and then let me ask, General Hickey, I am advised that some of the graduates of the Air Force ROTC program have been found to be in excess of Air Force needs and that some are being released before they have done any active duty or even any Reserve obligation, that they are released even from their Reserve obligation as being excess to the Air Force projected needs. Is that the case?

General HICKEY. No, sir, I do not believe that is a totally accurate statement. We did, in the 1987–88 time frame, when we were in the throes of Senator Glenn's project to reduce the officer strength and reel in our ratios, get down to the point where we were bringing in the minimum accession level per year, necessary to maintain a minimum viable year group size. And that meant we reduced all of our commissioning sources that were reducible to their minimum levels.

Caught within that, we had 1 year where we had about 3,200 or 3,300 ROTC graduates, and we could only actually bring 2,500 of them on active duty. We placed all of those people either in Reserve units or delayed them and brought them on duty later.

But in any case, all of them eneded up in a Ready Reserve or an Individual Ready Reserve in one place. None of them were sent home with no strings or ties on them. But we did, in fact, have a series of people that we could not bring on active duty. This particular year, in 1989, we are able to recoup and recover and bring our people on board in a somewhat more manageable pace. So the condition that you describe did happen within some limits.

Senator WILSON. You deferred active duty for some.

General HICKEY. Yes, sir. Some we deferred, brought them on late; some we, in fact, will never probably come on active duty. Those that we could not bring on active duty, we tried to place in Guard and Reserve units.

And, as a matter of fact, there were some 300 of those that we brought on active duty, not as military, but in fact, hired as civilian employees of the Government and used their educational skills in the civilian work force in the Air Force. We still keep, you know a Reserve commission string on them. They are mobilizable.

Senator WILSON. So anyone that has graduated as an Air Force ROTC graduate has for, at least some specified period of time, a potential obligation as a reservist?

General HICKEY. That is true. Now, we do not like that kind of a loose string, and we would never propose to continue to do that. We commission those officers and run that program to provide new lieutenants to the active duty force. And that is its primary duty. And only in that particular, very severe reduction mode did we get caught where we could not do that. That is not the occasion today.

We have, as Senator Glenn pointed out, a fairly large officer reduction schedule for next year, and we are already working that whole process so that we do not get ourselves backed into a corner where we would be turning away ROTC graduates again and not being able to bring them on active duty.

Right now, I am very close, I probably have a 200 or 300 flex within the whole fiscal year 1990 accession program that I could handle further reductions and not get myself into a bind where I was either turning away a new second lieutenant that I couldn't bring on active duty and letting him get off as a guardsman or a reservist or an IRR, or I am faced with a RIF in the officer force. And those are the kind of judgments that we are trying to balance.

NAVY DEPLOYMENT TIME

Senator WILSON. Admiral Boorda, what is the projected impact on time away from home for sailors because of the proposed decommissioning for 16 guided missile destroyers and the *Coral Sea*, when those have actually taken place. Is that going to have any impact on time away from home port?

Admiral BOORDA. Well, it certainly could, Senator. The Secretary of Defense has said that he will adjust commitments so that does not happen. CNO is committed, in taking these reductions, that we will not let that happen, short of a national emergency or something we simply cannot control.

Now, we still have much work to do to figure out how to turn those words into action, because that could require such things as a change in the way we structure deployments, a change in the frequency of deployments, a change in the way we think about what is the makeup of the battle group. We are still going through all those discussions in DOD.

I am heartened by the Secretary of Defense's comments, when we took the cuts, CNO was certainly very strong, as is the Secretary and Secretary-designate, and that is really all I can tell you right now.

We are looking at it hard and we are committed to no more than 6-month deployments and certainly no more than a 2-to-1 ratio of time away from home before you leave again. So if you make a 6-month deployment, you are home for a year before you have to do that again. Now, how we are going to do that, we are still talking about.

Mr. BERTEAU. Mr. Wilson, if I might add to what Admiral Boorda said, the Secretary, in considering all the alternatives that were considered as part of putting the amended budget submission together, in every case, looked at that kind of impact. What would be the impact on the people, what would be the impact on the sea/shore rotation, what would be the impact on time away from home and time of deployment.

And that was, in fact, a significant consideration both in the decisions that he made and in those options which were not included in the amended budget submission. He is clearly committed to taking the actions necessary to make sure that we stay within, for example, the 6-month deployment limit for our carrier battle groups.

Admiral BOORDA. If I could just clarify, the actual sea/shore rotation will not be hurt by what we have done. We have taken simply the numbers that were on those ships that were going to be decommissioned. So we have not hurt that.

What we need to do is sort out how we meet our commitments with fewer ships for those who are on sea duty, and that still needs to be done.

Senator WILSON. All right. My time has expired. I do have some additional questions, but——

Senator GLENN. All right, fine, we will go back and forth here.

ARMY COLLEGE FUND

The Army college fund, the Army's budget request contains funding for what the Army called a two plus two plus four program. General Ono, would you describe this program for us and why the Army needs it?

General ONO. It is an offer we had once upon a time and it was removed from us 2 years ago. I am talking basically about recruitment of bright high school graduates who enlist for a few years to gain additional funds to support their college aspirations.

It is a targeted incentive for recruiting quality individuals into our non-combat arms specialities. Two years ago, this authority was taken away.

Senator GLENN. Let me interrupt just one second. You said that you do not have it now? Because there is a request in the budget for it this time, I believe.

General ONO. We are not allowed to recruit 2-year Army college fund enlistees for non-combat arms at this time, only for combat arms positions. When that happened, the removal of the non-combat arms option we lost 5,000 quality recruits. So you can see, then, how popular that offer was. It is intended only for bright high school graduates who are willing to come in to the Army for some critical skills that require very brief training. They serve for 2 years with us, and off they go on to college.

What we are proposing here is to test it as a new offer in which an individual serves 2 years in the non-combat arms and then serves 2 additional years in the troop program unit of the National Guard or the U.S. Army Reserve. We think it will be cost-effective; we think it is a great program. We need it in order to get our quality up.

TWO-YEAR ENLISTEES

Senator GLENN. Okay. Mr. Berteau, Dr. Steve Sellman, the director of accession policy at OSD, is reported to have said, in a recent article in the National Journal, that there is little utility for 2-year enlistees in the military services. Do you agree with his report and view on 2-year enlistees, and, if you do, why did OSD support the Army's two plus two plus four program in this new budget request?

Mr. BERTEAU. Mr. Chairman, I am not familiar with that specific quotation, or what motivated Mr. Sellman to say that. There are clearly billets within the services where a 2-year commitment is, in fact, not inappropriate for the amount of training required so that we can actually get some service out of the individuals.

There are, however, a large number of billets where the training time required makes it just inefficient and ineffective to take a 2-year commitment and bring that person onto active duty. We support the Army in those areas where, in fact, there is a justifiable need and use for a 2-year commitment, non-combat arms being one example.

Senator GLENN. Are the Army's needs different enough that a like program would not work in the Air Force, the Navy and Marines? Have you considered such a program, General Hickey?

General HICKEY. No, sir, we have not, and, I must admit, the reason is that we have not been driven to it, sir. We have not had that kind of a pressure.

Senator GLENN. Admiral Boorda?

Admiral BOORDA. We have considered such a program, and, in fact, had one very similar to that, but we really feel we need people on board ship longer than a 2-year enlistment would let us have them be effective.

Senator GLENN. Right. General Hudson?

General HUDSON. No, sir, we have not. We do not need it, and we do not have any 2-year program in the Marine Corps now, sir.

REDUCTION OF COLONELS IN THE AIR FORCE

Senator GLENN. Okay. Last year, in the fiscal 1989 Defense Authorization Act, the Congress required the Air Force to reduce the number of colonels it had by 250, based on the military airlift command letter that came to my attention, that the command had a surplus of 250 colonels.

I note the Air Force reflects the mandated reduction through fiscal 1990, but essentially restores the reduction in fiscal 1991.

Mr. Berteau, assuming that you are requiring validation of all these, what evidence did you use to validate, devaluate, support the proposed restoral? Or did OSD just rubber-stamp this one this time again?

Mr. BERTEAU. Mr. Chairman, the reduction that you note in 1989 and 1990, in fact, was a reduction in the assigned officers, not in the requirements. As you know, we were directed by the authorization conference report last year to undertake efforts to validate, in fact, field grade officer requirements across the board.

When you talk about all the field grade officer billets, you are talking about close to 100,000 officer billets. We have undertaken a program to do that, starting with the O–6s. We expect that, by the end of this calendar year, we will be at the point where we have validated, in fact, those O–6 requirements across the services.

Senator GLENN. Well, did you validate this specific request of the Air Force to restore the 250 that we have suggested be cut?

Mr. BERTEAU. The restoration of the 250 was not in requirements. In fact, the requirements numbers never went down. So the requirements were still valid, in our view, in fact, subject to——

Senator GLENN. You mean, even though they said themselves they had 250 surplus colonels, you still said they needed them even though their own letter said they did not need them?

Mr. BERTEAU. If you go back to the letter, and I remember very well, having been sitting in the room when the letter was introduced as part of the hearing last year, the colonels in question—and I would be glad to let General Hickey add to my comments here—the colonels in question were, in fact, not only promoted O–6s, but, in fact, also lieutenant colonel promotables who were still O–5s at the time. The number, however, of valid O–6 requirements when the Air Force continues to exceed the number of authorized and assigned O–6s within——

Senator GLENN. Will those slots be validated in the airlift command?

Mr. **Berteau**. I am not sure where the particular add-back for the assigned billets will be in fiscal year 1990.

Senator **Glenn**. General Hickey, do you want to address that?

General **Hickey**. I would only say that, as we go through the full revalidation which Mr. Berteau was talking about, every O–6 billet that has previously been identified by manpower as a valid O–6 billet will be reviewed. And I think that is a billet-by-billet case.

At the present time, the total DOPMA grades cover only about 90 percent of the manpower validated colonel requirements that we have in the Air Force.

Mr. **Berteau**. Mr. Chairman, we have not looked yet at all 12,000 O–6 billets. OSD has not independently validated every one of those 12,000 O–6 billets across the services. We are, however, undertaking a study which will validate the O–6 billets across the services, from the bottom up.

Senator **Glenn**. We thought we were doing a great job in helping you validate, invalidate some of those. I do not want to spend all afternoon going back through that whole letter again——

Mr. **Berteau**. I remember it very well, sir. I had it memorized.

Senator **Glenn** [continuing]. But it was to their own staff, saying that "manning levels of our line colonels and colonel-selects are 126 percent Air Force wide, with MAC at 150 percent. We now have nearly 200 more colonels in the command than authorized colonels billets and the situation is getting worse. The draw-down of the air and joint staffs and the O–6 grade rollbacks in various positions will bring nearly 50 more colonels to MAC before summer's end. The problems are readily apparent, require a new way to manage the colonel force until ongoing programs help us out."

And then they go on with telling everybody, "please find spots to use these excess people." So, I think we were quite right in pointing out that here are 250 that were not needed. That was their own statement; it was not us.

And now we find they are being restored—it appears to us, at least, they are being restored. And you say you have not completed this evaluation across the board. Well, I accept that. But I think when we point it out one year and you come right back and ask for the same increase the next year, without it being validated, I do not think that was our intent.

General **Hickey**. It is eminently clear to me and anyone else in the U.S. Air Force that if this O–6 study does not validate those requirements that they will fall off the books and they will not be presented to Congress.

Senator **Glenn**. I thought they were off the books now and I did not realize that they had been put back in.

General **Hickey**. No sir, I think the specific wording was 125 below the DOPMA requirement in fiscal year 1989 and 250 in fiscal year 1990, and it specifically is a temporary cut. And even the word temporary is put in there. We understood and I certainly understood that I was getting boxed about the ears for a very poorly worded letter which has been vigorously misunderstood and will continue to be so. That is why I cannot argue or defend or justify the words that are in that letter nor will I attempt to.

I am looking forward to the O–6 validation study and then in the cool calm light of day will find out what the Air Force really should have and the other services along those lines. And I am willing to rest on the results of that study.

REMOVAL OF GLCMS IN WESTERN EUROPE

Senator WILSON. Thank you, Mr. Chairman. Mr. Berteau, I noticed that in your statement you have noted that the removal of the GLCMs in Western Europe will assist in making some forced reductions. And that brings to mind the converse which is that you are required under existing law to make note of what the manpower requirements are of various new weapons systems. I have not had an opportunity to read the testimony that you and General Hickey have submitted beyond being able to just scan it. But can you indicate to me what the requirement is that you have found in order to accommodate projected manpower needs of the small mobile missile, the so-called Midgetman?

Mr. BERTEAU. Let me put that into context if I can, Senator. The requirement levied in law a couple of years ago for the Department to submit a manpower estimate report on each major weapons system as it entered into full scale development and again as it entered into full scale production is one that we pursue vigorously within DOD.

In fact, we now have in place without question a very advanced and sophisticated requirements document for the manpower estimates for manpower, for the training personnel, for the quality of the people, as well as for health hazards and systems safety and so on, at every milestone within the development process, including those early on milestone zero, milestone one. On the Small ICBM we have done a considerable amount of work. The Air Force could probably expand on that with respect to the development of the manpower requirements for the various options that were considered in the early phases of design as well as for the current proposed program.

We did in fact submit a manpower estimate report on the Small ICBM even though it had actually entered full scale development in advance of the requirement by the law. I believe that was submitted back in 1987. We will be looking at an update of that estimate when the system comes up for its next milestone review which will be at a time I cannot remember off the top of my head. It is sometime within the fairly near future, but I do not remember the exact date.

DRUG INTERDICTION TRAINING

Senator WILSON. Alright. Thank you. In that same connection let me ask you about another weapons system and in quotes last year there was, however grudgingly and reluctantly, the assumption of a new duty by the Pentagon and that had to do with interdicting the supply of drugs entering the United States illegally from beyond its borders. All of you as service Chiefs insofar as I know are now involved, not you individually operationally, but your services are involved in integrating the training of Actives and Reserves. Could you tell me as the manpower chiefs for your services what the impact of that new requirement, that new duty in the law has been upon your manpower planning?

Mr. **Berteau**. If I might speak from the aggregate numbers initially, based upon the additional guidance for the interdiction and detection and monitoring missions levied on the Department, the CINCs have come in with a request for the manpower that includes CINCLANT, CINCSOUTH, CINCPAC, and one other that I do not recall off of the top of my head, with their request. We have convened a review of those and have validated the requirements, not all the requirements that were submitted, but those that in fact were validated. And Mr. Atwood as Deputy Secretary has just recently signed off on those with a levy by service of how those requirements are distributed. And those manpower will be coming on board to man those additional missions during this fiscal year. I believe the number is something like about 237 additional manpower for the CINCs in the aggregate. I do not have the distribution by CINC of that additional manpower requirement.

We are, however, I should note, absorbing that within existing end strength, and within existing officer ceilings.

Senator **Wilson**. And I assume making use of Reserves and——

Mr. **Berteau**. Oh, absolutely.

Senator **Wilson**. Air National Guard and——

Mr. **Berteau**. I should point out that the overall responsibility for the drug policy coordination has been assigned by Secretary Cheney to Mr. Steve Duncan in addition to his responsibilities as the Assistant Secretary for Reserve Affairs.

When he is before the committee you may want to explore this further with him. But I am aware that there are some 50 plans for Army and Air National Guard support for State and territorial drug interdiction and enforcement operations using the $40 million that was set aside for that purpose in last year's Authorization Act. Most of these plans have been approved by the Secretary, endorsed by the Office of National Drug Control Policy, and are being implemented throughout the country, in virtually every State and territory within the Nation. There are now additional National Guard dollars being spent for, in fact, detection and interdiction and support of law enforcement purposes.

Senator **Wilson**. Mr. Chairman, perhaps the staff can tell us when we are going to have the opportunity to have Mr. Duncan before us. I guess that is——

Senator **Glenn**. We have got some conflicts on that. It is supposed to be a week from tomorrow, on the 18th, but we have some conflicts we are trying to work out. I believe we have some problems. I want to talk to you about that.

Senator **Wilson**. Well, I do very much look forward to his appearing before us because I want to go into much greater detail with him since he has that line responsibility than we can expect out of the panel today, but it seems to me that it should have an impact on your manpower planning in much the same fashion that you are required to plan for new weapons.

B–2

Let me ask about another new weapons system. That is the B–2. General Hickey, can you tell me what the manpower implications of the full complement of B–2s will be.

General **Hickey**. I would have to answer the total complement in the specific numbers for the record, but we are going through the same process with the B-2 as we are with Peacekeeper, Rail Garrison, and with the Small ICBM where there is manpower determination at each of the major milestones going through it.

And that has been very thoroughly scrubbed down and reviewed and those figures indeed are available but I do not have them at my finger tips. I will have to give them to you for the record.

[The information follows:]

B-2 MANPOWER

Currently we are estimating that the Strategic Air Command (SAC) will require around 9,000 personnel (8,600 military, and 400 civilians) to operate, maintain and support the B-2 when that system is fully deployed. Additionally, Air Force Logistics Command (AFLC) will require approximately 560 personnel (80 military, 480 civilian) to provide logistical support for the B-2, and Air Training Command (ATC) approximately 120 personnel (115 military, 5 civilian) to provide training support. This represents the vast majority of the manpower needed for this program. As with all major weapon system acquisition programs, especially one as complex as the B-2, as we approach deployment these estimates are continually refined. The Air Force will submit a formal manpower estimate report for the B-2 at the next acquisition milestone decision.

Senator **Wilson**. That will be fine. Thank you. Thank you Mr. Chairman.

Senator **Glenn**. Senator Exon.

Senator **Exon**. Mr. Chairman, thank you very much. Gentleman welcome. I have a few questions for you on few fairly wide ranging matters of concern to me.

ANTI-DRUG PROGRAMS

First, I would like to ask you as a group how successful have the anti-drug programs been within the services. I am getting very glowing reports back. I am wondering if you would briefly comment on this. Let us start with you Admiral, because I have heard a great deal about what the dramatic turn around the Navy top officials feel has happened. What is your view of it?

Admiral **Boorda**. Sir, I just returned from sea before I came to this job. I had cruiser destroyer group in Norfolk and just in the few years I was away from Norfolk I was really struck by the difference. We have had a very vigorous urinanalysis program, a rigid but fair way of dealing with those who are found positive under the program. The results of that plus education, but a strict enforcement policy and a detection policy, have reduced the use of drugs by Navy people a great deal.

We have gone from, at the beginning of the decade where figures gyrated between 30 percent and 50 percent, depending on whom you listened to, and I tend to believe the higher numbers; we now have a positive rate around 5 percent perhaps a little higher than that overall, and those are dealt with. I believe we have had a successful program.

I think if we ever think we are finished, we will be in big trouble. And so we have a positive program. It continues to be re-evaluated, continues to be pursed. I think that is the only way to keep their this problem.

Senator **Exon**. Any of the Generals have any comment on that?

General HICKEY. Just that we have had similar experiences, and there is not a doubt in my mind that the drug random urine testing is the answer to that whole process, complied with a firm, hard program of dealing with it afterwards. When I was the Center Commander at Keesler in the 1982-3-4 time frame, I watched my own results of random testing, and it ran about 4, 4½, 5½ percent, which was about the Air Force average.

This last year and for the last 2 years, the Air Force's average is at or less than 1 percent.

Senator EXON. What do you think it was at one time General, do you have any estimates?

General HICKEY. I have an idea within the Air Force it could very well have been in that 25, 30 percent category. In the 1970s we had some pretty scurvy folks there and some pretty shabby treatment or lack of treatment for it.

Senator EXON. General Ono?

General ONO. I think what you are hearing Senator is a success story from all of us. The Army's is at around 2 percent drug abuse rate. And I think what you are seeing here is that as we recruited the quality solider and came out with a program that was primarily a preventive one, you are seeing soldiers, airmen, sailors, marines who do not want to get in trouble, do not want to be tossed out of this Army or Navy or Air Force or Marine Corps, but want to stay with us. So, therefore, then you are seeing the volunteers program that we have in full work. It is as many of the others have said not an easy program to run because you have to persevere, and when you do find some one who is positive, you need to take action.

Some of that has to deal with rehabilitation, but yet again our temper is to discharge many of them rather than to deal with some troublemakers.

Senator GLENN. Would you yield just a second on that Jim.

Senator EXON. Go ahead, yes.

Senator GLENN. Do you think it was discipline, military discipline, where you could hammer them if they were transgressors or was it education or, I suppose it was a combination of all the above, but I am trying to think of something that would apply to the civilian area also.

Is it mainly discipline? I know you went into big education programs too. Do you have any evaluation of what really worked?

General ONO. I would say that for the Army the number one reason was discipline. Mr. Chairman, and I say that because during those same years in watching the trends, crimes of violence, crimes against property, as well as AWOL and desertion, they went down at the same rate as drug abuse went down. So what you can conclude from those statistics is that it was that one thing that made the difference. That quality soldiers who want to stay in the military make the difference.

Senator EXON. General Hudson?

General HUDSON. The Marine Corps experience, Senator, has been just about what you have heard here. When we got serious about drug testing on a random basis and on a large scale in 1981 we had about one out of five marines that was using drugs. Today, we have got about 1.6 percent that test positive. That is a big change. We would like to see it zero. Before I came to this assignment, I was in California where drugs were readily available. I commanded the 3rd Marine Aircraft Wing and had an on board strength of about 17,500 marines.

We randomly tested between 4,500 and 5,000 every month, so that every marine could expect that just about on a quarterly basis he or she would be randomly tested. And our positive rate ran just about one-half of 1 percent.

Senator **Exon**. Thank you, gentlemen. Let me pursue this one step further because what I was trying to get to is to the real cause. General, you indicated that it was discipline and, while I know that discipline played a—and morale certainly played a high role and the quality people that you have, is it not true though, when you talk about the bottom line, that the only tool that allowed you to have the discipline was the random testing.

General **Ono**. Correct. That was a major, major intervention.

Mr. **Berteau**. And Senator Exon if I——

Senator **Exon**. I was going to ask you.

Mr. **Berteau**. With respect to the Chairman's question about applicability to civilians, every DOD component is instituting civilian testing this spring. I know that in OSD it is in place. We are random testing. The Army has had a civilian testing program in place for some time. All of the other services and the other DOD components are putting random testing of civilians in place.

Senator **Exon**. Have you had the same dramatic drop that the services have had in the testing of civilians?

Mr. **Berteau**. We lack two things to be able to tell you that. One is we do not know the usage rates of the baseline in the DOD civilian workforce overall or in any specific component. And, of course, we do not have enough of a track record over time to be able to point to trends. My personal speculation, in fact, is that the usage in the DOD civilian workforce is not very high either. We have benefited from the same kinds of things that have helped within the services and that is a higher quality, higher motivated person. We do not bring drug users into the workforce. We do not have to anymore.

Because of the pay and benefits that we have, we can be selective and take the people who are not going to be problems. Within the civilian workforce, I do not have any indication of what the level would be. I certainly do not expect it is at 20 or 25 percent right now. So, I do not think that you will see any of the dramatic improvements that you have seen in the military over the last decade, because I think our starting point is considerably lower.

I am just speculating. I do not have any data to speak to that.

Senator **Exon**. When you talk about drugs are you talking about illegal drugs as well as alcohol abuse?

Mr. **Berteau**. Our testing program is primarily focused on the illegal drugs, although it would include counseling for alcohol as well.

Senator **Exon**. Is that true of the services?

General **Hickey**. Yes, sir, it is true in the Air Force.

We have not started our civilian testing, and I can hardly wait for it to get started because I expect it is going to help. I know that it is not popular within the civilian workforce, but it needs to be done.

I kind of think that our initial civilian testing rates will be a little bit higher than what we get in the military, where we have been testing. But I do not think it is going to be in the 20-percent category either. It would not surprise me if it is 4 or 5 percent. But I think we will be able to drive it down to the 1 percent range. But we have much more difficulty in testing for alcoholism and abuse than we do for drugs and drug abuse and illegal drug use. But we have enough to know that it is a significant problem within the Air Force.

And as a matter of fact, it is my personal opinion that we have a bigger alcohol abuse problem in the Air Force than we do drug abuse.

Senator EXON. May I continue for a couple more minutes Mr. Chairman. I am asking this now because we are having a battle royal with civilians, in general, about this. Everybody is interested in their constitutional rights and I am interested in their constitutional rights too. But when people talk about constitutional rights I am very fearful they do not understand the social revolution that is going on in this country with illegal drugs. It is driving more than anything else the horrible murder rate that we have right here in the Nation's Capital. But I don't think enough is being done. Everyone wants the cops out there to have them stop drugs and if they can not do it, turn it over to schools and let them do it, but do not be testing me. And until we get away from that selfishness, of course the services a leisure job that we do in the civilian market.

What do you do gentlemen when you get a positive drug test. Certainly, do you have some ways of verifying that with follow-up tests immediately. I mean how do you protect the individual that tests positive because of an error in the lab or something else. I guess those things happen.

Mr. BERTEAU. You are talking about the active duty military testing now.

Senator EXON. Yes.

Mr. BERTEAU. I will let each of the services respond.

Admiral BOORDA. We have had a good program that has been tested all the way to the Supreme Court. Basically you have good quality control over the labs, and you have a good chain of custody over the sample. You run blind samples and tests all the time, on an unannounced basis, and you build credibility in the testing system and in the handling of the sample. When you do that you can have reasonable faith, you can have an almost absolute faith in a positive being a positive.

Then in the military setting, in the Navy anyway, a positive urinanalysis result will result in a review to decide if disciplinary action is necessary, and in almost every case the proper follow-on is disciplinary action. Depending on the person's seniority that can be very much more severe, including dismissal for the very first offense. It could be rehabilitation for a more junior person but could well be dismissal for that person. It is a fair system. It is a good testing system, and we can document its accuracy. And then we take immediate follow-up action when we get a positive result. I think that is the cornerstone of any good program that will yield results, rather than litigation.

General HICKEY. If I might expand on what Admiral Boorda said. It takes more than just a good tracking policy. It has to be perfect in terms of the audit trail of each individual sample that you are dealing with and then of each test that is performed in the laboratory. And we got in trouble a couple of years into this process. It took us a year or so to get our laboratory and our audit trails fixed so that they were essentially fool proof. Now, if there is any question on any process on any sample that is around, it is just thrown away. It becomes a non-test. So, we do not have any false positives. I am 100 percent sure whenever I get a positive that I have got a real one and they have got a problem.

There are all kinds of safeguards in the system to keep a false positive from happening and when a positive does come up, in order to protect the individual, there is always a residual amount of that sample that has not been tampered or tested and so it can be reviewed and re-tested. The individual may take it to another laboratory and get an alternative test if they want to. So there are a lot of processes in order for them to be able to protect themselves. But the flat bottom line is that in my experience it has been 100 percent positive.

Senator EXON. Those are good things that we hear. But you admit, General Hickey, that in the beginning you had some problems.

General HICKEY. Yes, sir.

Senator EXON. So it goes back to the positive trail and the quality of the lab.

General HICKEY. Absolutely.

Senator EXON. Is that essentially correct?

General HICKEY. Yes, sir, I think so.

COMMISSARY BENEFITS

Senator EXON. Mr. Chairman, I have one other question that I would like to ask Mr. Berteau. Mr. Berteau, we have been very much concerned here about the overall benefits that are provided people. I think generally speaking, that morale is very high today from everything that I can tell. And the Department, I believe, is fully committed to supporting initiatives that contribute to the well-being of the DOD personnel and their families. One initiative that has been extended to many is the ability for members of the Guard and Reserve to use the commissaries on a limited basis. I think you are familiar with this provision in the law.

Can you tell me what the status of this program is and whether the special commissary cards will be available to members of the Guard and Reserve this summer?

Mr. BERTEAU. Senator Exon, it is my understanding that it will, but I will have to verify that for you and get you that for the record. We have taken the steps to implement that: to get the 14 days of availability and to ensure that the member and the people eligible to use that system are able to do so without having to carry in a paper copy of their orders.

Senator EXON. Would you check on it and let us know?

Mr. **Berteau**. I will check on that.

[The information follows:]

Commissary Cards

The contract for the cards has been awarded, and the cards are now expected to be available in mid-August of this year. While this is a little later than we expected, the interim procedures we implemented in January of this year have worked very efficiently, and there have been no difficulties experienced in identifying authorized reservists and no delay at the door of the commissary for Reserve members or their families. We are advising the services to continue the interim procedures and asking that Reserve members abide by the 12 visits per year limitation until they receive the new commissary privilege card. We will begin issuing the card as soon as available at the unit level, but we have extended the interim procedures to allow an effective transition. We expect all reservists to have received their'cards by completion of their annual training by June 1990.

Senator **Exon**. It is something that I have worked on very hard and I think it is going to be a very big help in maintaining the strength of our Guard and Reserve units.

Mr. **Berteau**. Yes, sir. I apologize for not knowing that here, but I will get back to you on that. In addition, in follow-up to your questions on the active duty drug testing, if you would be interested, we would be happy to provide you with the details of both the process and the protections that are built in.

Senator **Exon**. If you would give that to us it is going to be very helpful to us in other areas over on the Commerce Committee where I serve. We are into the whole problem of this and we are getting all kinds of flack that this is unfair and constitutional rights and all these kinds of things. We do not want to be unfair to anyone. We do not want to violate their constitutional rights nor do most of us want to allow the continuance of the flurry of illegal drugs in our society. So if you would give us that it might be helpful for background material.

Mr. **Berteau**. We would be glad to give you that. And clearly we do not have the same ability to control the lives of our civilian employees as we do of our active duty military. We are not going to take, as we do in many military cases and drum a person out for a positive test. We have a lot of steps that we would take to help such individuals, as well as to prevent any chance of there being a false positive.

[The information follows:]

Military Drug Testing Program

We believe that results reported on all personnel specimens are accurate as well as legally and scientifically supportable. In fact, the Navy has been conducting about 1.8 million tests per year for 4 years with no false positives and the Army has conducted about 800,000 tests per year for 3 years with no false positives. In addition, for the past 5 years there has not been a single negative sample in the Armed Forces Institute of Pathology proficiency testing program reported as positive by any of the drug testing laboratories. Department of Defense policy concerning drug urinalysis is designed to be conservative in favor of the individuals being tested. Under our program, a sample may not be reported as positive unless it has been confirmed as such by two rigorous scientific tests each using a different scientific methodology conducted by trained personnel in laboratories that must meet stringent certification requirements. In addition, all specimens are transported and handled according to strict chain of custody requirements. These procedures include direct observation during specimen collection which precludes the possibility of specimens being switched. Each service maintains inspection teams that conduct onsite examinations of the drug testing laboratories to ensure that all specimens are

handled according to established procedures. In all cases, if procedures are not followed, no action may be sustained against an individual.

Senator EXON. Thank you. My time is up Mr. Chairman. I have one other question on the second round but I do not want to take any more time. Are we finished?

Senator GLENN. No, we are not finished. I have got a lot more to do.

POTENTIAL DANGER FOR OVERSEAS CIVILIAN AND MILITARY PERSONNEL

Senator EXON. One more question. And I think it would be best for you to answer this Mr. Berteau. We have heard continuous reports, you know, from time to time, that indicate our soldiers and presumably our civilians are exposed to risks in some overseas locations, particularly now with the Philippines and certainly with the latest developments in Panama. Have you given any thought to having U.S. armed services personnel unaccompanied in places like this where there is some potential danger?

Mr. BERTEAU. Yes, In fact, and we do so in part at the initiative of the CINC on the scene, of course. Using Panama as an example, we recently, at the request of the CINC, did shorten the tour lengths both for unaccompanied tours and for accompanied tours. There has to be justification for an accompanied tour based on the individual's job and how long the tour must be to provide required continuity. We have also taken some steps to ensure that there is, for those who require it and consent to it, space in on-base housing for dependents.

We cannot always control that 100 percent as you well know. There are plenty of overseas places where it is an unaccompanied tour and members elect on their own to bring dependents with them at their own expense. There are many Americans all over the world who are staying in places where the Government has actively tried to discourage them from doing so.

Senator EXON. Of course, that is one thing. If they are there—if civilians are in Iran today or——

Mr. BERTEAU. Or Lebanon——

Senator EXON. Or other places—in Kaddafi's capital of the world, I can understand—I just say——

Mr. BERTEAU. We look at that——

Senator EXON. They are on their own.

Mr. BERTEAU. Yes, sir. We look at that though. We and the Chairman of the Joint Chiefs of Staff, in conjunction with the CINC, and the affected services, take a look at that and will adjust accordingly, recognizing that we still have to execute the mission that we are there for. There are some cases where you are going to hurt morale and retention if you switch to 100 percent unaccompanied tours.

Senator EXON. I agree. I just asked for a brief comment from the uniformed witnesses that we have Mr. Chairman. We recognize we do not want to overreact to any situation and I do not think that the Philippines should be compared with Panama today. Because I do not think that is fair. But, do the uniformed witnesses have anything to say about that?

General HICKEY. We follow the same guidelines that Mr. Berteau was talking about. It is a judgment call. We know that retention and morale suffer dearly from remote tours. And so, if we get places where we send people unaccompanied, then we try to shorten the tours so that people do not spend 2 or 3 years separated from their families.

But in a like manner, you lose readiness and combat capability when you do a lot of rotating. And those short tours hurt us in a lot of ways.

There are always judgments about whether there is some risk. And there is some risk, I think, associated with being a military dependent in almost any overseas environment; and some would say, in some of the stateside environments that we put people in.

But the fact is, that judgment has to be made. It is made primarily at the recommendation of the on-scene Commander-in-Chief. But it is very deeply, and in some detail, ground out in the Chairman and the Joint Chiefs' meetings and by the individual services.

And we usually accommodate and come to an agreed policy, and we make adjustments when they are necessary. We have done so in Panama. We have not yet in the Philippines, and it looks like the Philippines is going to settle down for the time being.

It is a very, very chancy thing. You could slam the door over one incident that we had, for instance, in the Philippines a year or so ago, and have overreacted and essentially had separations for the couple of years, and it turns out they are not necessary at all.

Conversely, we can sit tight for a while more in Panama, and we can get in trouble. And we know that. So it is not a simple issue.

Senator EXON. Gentlemen, thank you very much.

Thank you, Mr. Chairman.

Senator GLENN. Thank you, Senator Exon.

Let me follow up on that just a little bit.

SUPPORT FOR DEPENDENTS OVERSEAS

Last year we had a provision in the Defense appropriations bill that would have prohibited appropriated fund support for dependents overseas at any level above the number residing overseas at the end of fiscal year 1987. The provision would also have required DOD to develop and implement personnel and deployment policies to reduce the ceiling by 10 percent by the end of fiscal year 1991.

Now we struck that provision, and I supported striking it, because I am a firm believer in keeping families together whenever it makes sense to do so, and when it does not get in the way of combat efficiency.

But there does need to be a more coherent DOD policy in this area, especially with regard to so-called non-command-sponsored dependents overseas; the people who just decide they will take their dependents over and provide for them. And these non-command-sponsored dependents put a heavy drain on overseas support resources, like child care, military exchanges, schools, commissaries, medical, morale, welfare, recreation activities.

And I do not know how you handle that. Do you have a policy on that or any studies underway in this regard, Mr. Berteau?

Mr. **Berteau**. I am not aware of any major effort that we are making to look at that. I know we have taken a look at it in the past. We have trouble collecting data to tell you exactly how many there are, because, of course, by virtue of the fact that they are non-command-sponsored, we do not have a good censusing of how many such individuals there are.

Senator **Glenn**. You do not have a good number?

Mr. **Berteau**. We do not have a good count of how many there are, not that I am aware of. If we do, I will be glad to submit that for the record.

[The information follows:]

NONCOMMAND-SPONSORED DEPENDENTS OVERSEAS

The most recent figures available are as of December 31, 1988. Information reported by the services indicates that there were 20,656 noncommand-sponsored military dependents in foreign countries around the world. The number of command-sponsored dependents in foreign countries was reported as 359,894. According to these figures, noncommand-sponsored dependents comprise 5.4 percent of all military dependents living in foreign countries.

Senator **Glenn**. Well, with the shortened tour, as General Hickey said, all these things go back and forth and they are matters of judgment, and it is a tough one. I have been on the other end of that one, too. I went overseas for a year, one time, 2½ years, without dependents. And you lose a lot of people during periods like that, because they just do not want to put up with it, they leave.

And on the other hand, here we have all of our 300-and-some-thousand people in Europe, General Ono, most of them your people over there, who, if war actually started, that would be an absolute mess. And I know we say that the arriving airplanes are going to bring them out and all that sort of thing, but it would really be a tough situation.

And there have been people that pushed for: why not do like the Navy does, over there where you are 6 months out, 6 months back, and no dependents over there, which would save an awful lot of money on transfer of dependents and household goods and everything else.

On the other hand, it is not free that you are rotating 300,000 people every 6 months either. And the combat efficiency, General Hickey mentioned that; and I do not know how we address this, maybe we need to look at it a little more than we have. I have no answer; I am just reiterating the problem you already stated, to some extent.

The Korean situation, I think most of that is a 1-year tour, is it not? And that is unaccompanied?

General **Hickey**. They are, except for some designated billets. There are very limited numbers that are accompanied, and they stay for a 2-year tour.

Senator **Glenn**. And do you make an effort to put single people out there on that, or is it just catch as catch can on the assignment cards; when they go, they go, that is it?

General **Hickey**. Catch as catch can, Senator. I am not allowed to make assignments based upon marital status.

Mr. **Berteau**. We just went through something where we wanted to make sure that promotion, in fact, was not affected by the fact that a spouse was not willing to participate in voluntary exercises, et cetera. We do not want to bend over the other way either. It has got to be fair across the board here.

Senator **Glenn**. I keep forgetting we have tied your hands rather completely in that particular area, too, General. It comes back to get me.

Mr. Berteau, you say you do not have really a good handle on numbers of the non-command-sponsored dependents overseas. Are there enough of those that it is a real problem?

Mr. **Berteau**. A real problem in what sense, Mr. Chairman: as a burden on the facilities or as a risk from a non-combatant evacuation operation capacity, or what?

Senator **Glenn**. Well, the overload that it puts on child care, schools, military exchanges, commissaries, medical facilities, morale, welfare, the whole works across the board, that we normally try to provide for our people; and MWR gets stretched thin when you have a lot of people out there that you have not provided for.

And I would think maybe you might want to canvas the commands or have the services do that to get a better handle on this.

Mr. **Berteau**. We will take a look at that.

Senator **Glenn**. Is it a major problem or is it not? And I do not want to start a great 2-year study or anything trying to pin it down right to the last person, but I would like to have a feel for whether it is a problem we should be addressing or not.

Mr. **Berteau**. Well, all our studies money has been taken away as part of the fiscal year 1990–91 budget submission, so you do not have to worry about a 2-year study.

Senator **Glenn**. That is two zingers in 2 minutes there. [Laughter.]

Mr. **Berteau**. But we will take a look at that. And from the perspective that you were raising, with respect to the dependents overseas in the event war would break out, we do have a number of initiatives underway to improve both our policy and our planning for the non-combatant evacuation exercise.

Senator **Glenn**. All I will say in response is do not study it, but just get me the answers; that is all.

Mr. **Berteau**. Yes, sir.

[The information follows:]

Noncommand-Sponsored Dependents Overseas

Depending on the specific location, the presence of noncommand-sponsored dependents could affect the availability of facilities and services to command-sponsored dependents. Overall, however, we do not believe noncommand-sponsored dependents put a heavy drain on overseas support resources.

Senator **Glenn**. Okay.

MARINE CORPS RETIREMENT

General Hudson, you indicate in your statement, the Marine Corps would like to scale back the 3-year time-in-grade requirement-for-retirement in grade to 2 years. And the rationale given is that such a provision would accelerate vacancies so you could reduce promotion-flow choke points and ensure a youthful, vigorous, combat-ready officer corps.

Now, I do not quite follow you through all this, because what you are suggesting is that you want to allow officers who you have just picked for promotion because of their potential to retire earlier right at the prime of their service in-grade. Now, I do not know how that improves combat readiness; and that is the bottom line. In fact, I think it would do the opposite. You would be releasing the younger officers in a given grade who you had just determined were vigorous because you just promoted them.

Now, is this just a promotion problem, a morale problem? I do not want to set up a promotion mill here. That is not the objective of having people in the military. So can you tell us how reducing the time-in-grade requirement will improve combat readiness in the Marine Corps?

General HUDSON. Yes, sir. I think I can.

First, the relief requested, Senator was for grades lieutenant colonel through major general. We do not want to have authority for someone to retire after just having been selected for promotion. We requested that the required time-in-grade be reduced for lieutenant colonels through major generals, from 3 years to 2 years.

Now, we had a policy before the enactment of DOPMA that it was 2 years required time-in-grade. We did not see at that time a mass exodus of officers in any of those grades. As a matter of fact, looking back to our pre-DOPMA days in the retirement of colonels, we ran about 14 percent of the population of colonels that retired. And then, of course, along came DOPMA and they had to stay for 3 year and retirement slowed down a lot.

Now that we are beyond the 3-year point, we seem to have stablized again into about the same percentage, with both colonels and lieutenant colonels, that we did before. This would indicate to me that, rather than have any kind of mass exodus, we would see a few of those individuals that would opt to go at 2 years, unless they were in some critical assignment, or unless they had less than 2 years on station, or some of the other rules.

The reason that we have requested DOPMA time-in-grade relief is not to create a promotion mill, but to meet DOPMA guidelines which say that we should promote majors at 10 years, plus or minus 1. The majors that we promoted on the first day of this month had 12 years and 2 months commissioned service. We are promoting lieutenant colonels just outside of 17 years, rather than the 16 years, plus or minus 1.

We believe that if we had the relief that we requested, rather than discourage younger officers because of waiting so long to be promoted and not being in DOPMA guidelines—and by the way, the only tool that we have to get the promotion flow point back inside DOPMA guidelines is to reduce the opportunity for promotion within zone; we have done that. And that also serves to discourage high-quality officers.

We believe that those few that would elect to go after 2 years time-in-grade, would help us move that flow point back into DOPMA guidelines. Then we could move our selection opportunity back up to DOPMA guidelines. I think those things would, in fact, help us keep high-quality officers.

Senator **Glenn**. Well, we will look at it. And staff will be in touch and we will look at some of these things.

Mr. Berteau, what is the DOD position on reducing time-in-grade? Have you looked at that one?

Mr. **Berteau**. We have received the proposals from the services. We are currently evaluating them, and we have not yet arrived at a consolidated DOD position on those proposals, either the time-in-grade or some of the other relief proposals.

Senator **Glenn**. I presume that some of the things that have developed under this are not exactly unique just to the Marine Corps? Do the rest of you have this same problem? If you do—and everybody shakes their head—it is up to you then to develop a policy that we hope will be OSD generated.

Mr. **Berteau**. That is right. We are looking at it in terms of what we request would be and the flexibility that we would need within that request.

Senator **Glenn**. General Hickey.

General **Hickey**. Yes, sir. We would support that on purely a temporary basis. When you are in a force reduction mode, which we clearly are in within the Air Force, and when you clearly have a number of senior grades to reduce, then this is an option which can be controlled, but which will allow some people—bluntly, there are some folks that we have promoted that we find, a year or so after we have promoted them, we may have made a mistake; they are not the ones that we wanted. Or they turn out not to be nearly as motivated, as continuing officers, as we had hoped that they would be.

And they would prefer to go early. We have some other old soldiers that we may find ourselves forced to push out that are willing and want to stay, and we would prefer to let individual preference go on that particular case.

Senator **Glenn**. OK. Well, let us know as soon as you can on that so we can help out. If that is a problem that is services-wide, why, we can work with you on that.

Mr. **Berteau**. Yes, sir.

AVIATION CAREER IMPROVEMENT ACT

Senator **Glenn**. At a subcommittee hearing on April 12, General Jones, Deputy Assistant Secretary of Defense for Military Manpower and Personnel Policy, testified the Department of Defense supported all but two of the seven provisions of S. 653, the Aviation Career Improvement Act, which is a bill that Senator McCain mentioned earlier. It is one that I introduced, along with Senator McCain. And it addresses the problem of retention of military aviators.

For those who may not be aware, we have a shortage in the Navy right now of about 1,500 pilots, about 250 in the Air Force. The airlines are hiring at about a rate of 7,000 a year, and are expected to remain about that same amount for the next 10 years, I believe is the estimate on that.

So it is a problem we have to face. And it is a sort of moving target the airlines have. The Air Force is down 250 now, but they are expected by, I believe it is 1992 or 1994, to go down to 2,500 pilots short. So we are trying to address that.

As I understand it, provisions in our bill that were problem areas have been taken care of. And I understand there now is general acceptance of this.

Mr. Berteau, is this correct, and does this now mean Department of Defense supports S. 653?

Mr. BERTEAU. The Secretary of Defense is in some negotiations with the administration over this that have not been finalized yet. We are continuing to work with them over what, if any, compromises might be necessary in our final position. And we would look forward to working with you on that as well.

But we do recognize the problem and we recognize the need to take some very strong and immediate actions in order to solve the problem.

Senator GLENN. As I recall the figure, the cost of that was $118 million a year once we have the thing implemented.

Mr. BERTEAU. Right.

Senator GLENN. I would just say that once we rounded off, say, $120 million, but we save that if we only save 21 pilots. I remember the figures very well; it is about a half a million to get a person, male and female both now, going through flight training, but it takes about half a million to get their wings, it takes about another $1 million to $2 million to take them through the replacement air group-type training.

And then, by the time you actually get them out there and they have conducted one tour and back again, they are out to the 5- to 6-year point, something like that, of total time. And that is when you have a combat pilot; at that point. And at that point, you estimate we have somewhere between $5 million and $6 million tied up in that person, and then we let them go off to the airlines.

And to replace that, then, means about a $5 million to $6 million investment. So if you look at about 21 to 25 pilots we save, you more than make that up.

And I know the budgeters are hot on this thing right now. But it is pay me now or pay me later, as the guy used to say on television on the auto repair ad here in town. And that is just a matter of fact.

So keep that in mind over there when you are having your discussions about this. And I know you will.

Mr. BERTEAU. Yes, sir. I cannot dispute your arithmetic. But, of course, the $118 million is, in fact, real budget dollars.

Senator GLENN. It is real budget dollars, but I will tell you, it is real combat efficiency that we are talking about, too.

Mr. BERTEAU. We do understand that.

Senator GLENN. So if we are serious about keeping good pilots in the service and not just making us a training ground for the airlines, then I think this is the type thing we need.

The one controversial part of it was the part making a 9-year commitment. And I know that still disturbs a few people, but staff talked me down from 10½ down to 9 on that, which they will verify here.

Mr. BERTEAU. So we should consider ourselves lucky that it is down to 9.

Senator GLENN. You consider yourself lucky, because I may go back up to 10 any day, who knows. But I think we have young people that want to come in. And once you get people beyond that 10-year point, which you do if you have a 9-year commitment, and you have spent a year, a year and a half in training before that, you have 10½ people start thinking twice whether they want to give up the 20 option or not.

And I think it is a big incentive. Plus the incentive pays, the bonus we give pays, I think it will go a long ways in solving some of our problems. At least we hope so. So we are glad to see support, generally for that.

FIVE-YEAR ACTIVE DUTY COMMITMENT

Mr. BERTEAU. Is there an OSD policy on graduates of the academies as to what their 5-year active duty commitment will be? And this obviously is generated by the Navy's decision recently to permit one of their graduates to go play pro football. And this comes up every once in a while. It seems to depend on the current mood of the current Secretary of the Navy more than anything else, as to whether these things are permitted or not.

It would seem to me that one of these days when the Air Force Academy has a couple of all-Americans or West Point does the same thing, General Ono, that this is just a revolving problem here. Do we have an OSD policy on this? If not, why not? And then I want to ask for Admiral Boorda's comments on this, obviously.

Mr. BERTEAU. Mr. Chairman, I am not aware of a specific OSD policy; there may be one of which I am not aware.

Senator GLENN. It might be good to look at that, because it is not going to be something that is unique just to the Navy, it is going to be other people's problems later on, too. And I would think it would be good to have people graduating who know exactly what the rules are, and that it applies to everybody.

Admiral Boorda, do you want to comment on that situation?

Admiral BOORDA. Yes, sir. I signed the authorization for Lieutenant J.G. McCallum to play football, but I really signed an authorization for him to be a recruiter and play football while he was doing it.

Now, I did that based on an OSD regulation and our own regulation, which merely quotes that one, which says that officers can do outside employment provided they can do their other job and it does not detract.

I looked hard at that before I made any recommendations, and I was allowed to make the decision. So we have found the right guy. Recruiting does work for me, and I believe we can get 40-plus hours a week work out of him, and we do not have national television advertising now, and we do not have a lot of other things in recruiting. And I believe he can be a very real recruiting asset for us.

He has only a year and a half to go in the Navy. He has just finished 27 months of sea duty, a normal tour for a supply officer, plus a little. He has done all his qualifications and just returned from the Persian Gulf. And I believe that this was an effective use of him.

If his football gets in the way of his recruiting, he will not play football. He will do recruiting. But I think what we are going to get is an asset here. And I will be able to tie recruits that I would not have otherwise gotten to what we have done.

Senator GLENN. We are trying to encourage math and science and people going into those areas, and computer training and so on. When you have a particularly brilliant computer man coming out of the Academy one of these days, are you going to let him go to work for IBM?

Admiral BOORDA. I do not think it is quite the same thing, Senator.

Senator GLENN. I think it is very similar.

Admiral BOORDA. I did not look at it like that. And I made the decision based on what this individual had done and what I thought he could do for us.

Senator GLENN. Well, I know Lieutenant McCallum a little bit, not well, but he has been in my office. He is as fine a young man as ever came down the pike. So I wish I did not even have to hook his name up with it. I know his family, they are from Ohio. They came in and we had a wonderful visit in the office. And I admire him greatly. He is a wonderful person.

But I think most Americans would say that once a person goes through the Academy, they have a commitment, and that is a full-time commitment. And I think it stretches credibility just a bit, at least it does to me, to think that you can put a person on to do full-time recruiting duty, which is what you are talking about, and also play full-time football for the San Diego Chargers. That is not exactly a part-time job.

And so I just have a problem accepting some of that. And I would think that OSD ought to look at this. And I do not know if there is any upset that I would even want to engender in this particular case; I probably would not. But I think there should be a general policy of the Defense Department that goes across the board on this, so we do not wind up with this generating difficulties for us in the future.

We have had some others: Robinson was another one.

Mr. BERTEAU. He is in a different situation because of his height, of course.

Senator GLENN. No, his service is over because of his height, but that is a red herring if I ever heard of one. If he cannot serve, then he should not go through the Academy. We never should have recruited him to begin with. We are not there just to provide ball teams.

I support athletics, played them myself, support the academies. All the academies having a great shake at athletics is good; that is part of the training program, and that is fine.

But if you have got people you are recruiting whose physical characteristics are such that they cannot perform duty once they graduate, then that is not the purpose of the institution. The purpose of the institution there is to provide officers, preferably career officers, as many as possible, for the services.

And I probably would make the career commitment longer than the 5 years, as was evident by what I was doing with pilots here, arguing with my own staff here.

It is a fine education. And we do not lack for good people applying for it. And the purpose of it is obvious for the armed services of this country. I think I get, in any given year, I range somewhere between 1,000 and 1,500 applicants, who apply through my office for the different service academies. I have, at any one time for a year, maybe, what, five or six appointments, depending on the number I have, and which academy at the time. Maybe eight or nine, I guess, maybe it is.

But there are just some of the top-notch people in this country who want to go to the academies. And so what we do, we just seine out the ones that are obviously unqualified that have not even graduated from high school yet, or something like that. You get a lot of people that are in prison that apply. They want to go.

So you seine out the few that obviously are not qualified, then I submit them to the academies for their ranking. And I always appoint them just in the order in which the academies want them. And there are always 10 times more highly, highly, highly qualified people than we have positions to appoint to. That is the point.

So I appreciate the fact that he can probably do a great recruiting job, but I just hate to see us setting a precedent like that of letting people go off and do other things like that, other than their service commitment. And that is the reason the taxpayers put them through school, and they expect full value out of that. And I question whether we are going to get that if they are off playing football, which is going to be a full-time job. You can bet on that.

So I think OSD should look at this and establish a policy for the future.

WARRANT OFFICER STRUCTURE

The Legislative Contingency Program in the fiscal year 1990–1991 DOD budget request contains a proposal for a reconfigured warrant officer structure that would establish a new chief warrant officer, W–5 grade, and provide for the uniform management of warrant officers in the Defense Department.

General Ono, I believe this is primarily an Army initiative. Would you briefly describe the proposal and what the advantages of it are and why it is needed?

General ONO. I will be very glad to. It is very important for us. I think that you know the way we are structured in the Army. We have three basic categories: the commissioned officer, the warrant officer and the enlisted force. And within the warrant officer ranks, it numbers around 15,000 within the Active force at this time, they are very, very technical experts.

They are in cryptology, they are in aviation, they are in maintenance, missile systems, work in data processing, military intelligence, so they are a special group to us.

And what we have found as we reviewed the structure and the future of the warrant officer corps, is that we were losing their expertise because they have become very saleable commodities in industry.

So therefore, our program was to present some incentives to modernize the system in which we manage them, so that these warrant officers would stay longer. One of the things that we are proposing is that we create a grade of chief warrant officer 5; it stops at 4 now. This one additional grade would give an incentive for these fine people to stay on.

Also, as a part of that, there are other provisions that would modernize the system and make the management of our warrant officer force akin to the officer force by using some of the features of DOPMA.

TWO-YEAR NURSE GRADUATES

Senator GLENN. The Navy, I believe, was looking into the possibility of recruiting 2-year nurse graduates in the warrant officer grade to help with the nurse shortfall. Is that correct, Admiral Boorda?

Admiral BOORDA. Yes, sir. And we are still looking at that. We want to be sure that we get the kinds of qualifications in the numbers we need to justify such a program. It is really an initiative of ours.

Senator GLENN. The way I thought it was, that they would be graduate nurses, but you only bring them in for 2 years. Why would they not come in commissioned, because of the required time commitment?

Admiral BOORDA. No, sir. There are various nursing education programs in the country, and one of them is an associate degree that takes 2 years to get. They do not have a bachelor's degree.

Senator GLENN. Those are the people that become physician assistants, I think, by and large. Is that correct.

Admiral BOORDA. They are really two different programs. There is separate education program for physician assistants and then one for associate degree nurses. We have not tapped, in the Navy, the associate degree nurse market. And so we are taking a look at that to see if there are enough there and the qualifications throughout the country are solid enough that we might be able to use them in a nursing capacity rather than as physician assistants.

Senator GLENN. General Hickey, have you looked at that?

General HICKEY. No, sir. We are staying at the present time with commissioned nurses. And I think we need about 613 nurses this year that we are trying to get through the recruiting service; and we are hopeful that we will be able to do that.

Senator GLENN. Mr. Berteau, did the OSD look at this? And what is your view of this? Is it something that we should go to?

Mr. BERTEAU. With respect to the Army's proposal for the warrant officer-5 level, we validated that from a senior warrant officer requirements perspective. And from the point of view of being able to meet those requirements within the personnel management policies that were there, we support the Army's request.

With respect to the nurse warrant officer, we are waiting for what the services propose on that. We have not taken a hard look at that one yet.

Senator GLENN. Okay, well, that was in the budget though, was it not?

Mr. BERTEAU. The Army warrant officer proposal was, but not the Navy nurse proposal. And we support the Army's proposal there.

Senator GLENN. Okay. Fine, I am about wound down here. I want to get back to one other area before we leave this.

ALCOHOL ABUSE

Senator Exon very properly brought up what you have done in the drug area, and I think it is admirable. And I hope we can learn from some of these things out of the services that maybe have some application civilian-wise. I would like to hit at a little different angle on it though before we end this and ask what you are doing in the alcohol abuse area. Those are the legal drugs. Many people still do not realize that alcohol is just as much a drug as the other drugs, except it happens to be a legal drug.

I have conducted extensive hearings in the Governmental Affairs Committee last year, and will have more starting shortly this year on the alcohol problem.

I have supported all anti-drug use, the hard drugs, the illegal drug use, supported every program we have had through the Congress, and will continue to do so. But even with that, let me say that I think the hard drug problem in this country pales, I will not say in significance, but pales considerably when you consider the alcohol problem.

We lose on the highways each year some 45,000 to 50,000 people, half of those are alcohol-related deaths. That means every 2½ years we kill the same number of Americans we killed in 10 years of the Vietnam War that was such a tragedy. And yet we do not really address this.

And we estimate somewhere between 100,000 and 200,000 Americans die each year from alcohol-related disease or problems of one kind or another. It is an enormous problem. I know you gentlemen are addressing it. Are you having any success in those areas of the alcohol-abuse problem? What kind of treatment are you doing? What kind of success rates? I doubt if your success rates there are the same as you indicated before for hard drugs. But what are we doing in that area to cut down the alcohol abuse problem in the services also?

Mr. BERTEAU. I do not have anything to say on that. I think most of the practice and policy there comes under the jurisdiction of the Assistant Secretary for Health Affairs. I am not familiar with the onboard programs or the details.

Senator GLENN. Okay. All right, fine.

General Hudson, do you want to lead off on that.

General HUDSON. Yes, sir. Unfortunately, Senator, as you pointed out, it is a legal drug, and detection is also very difficult.

We attempt to screen in the recruiting process to ensure that we do not bring aboard any alcohol-dependent young men or women. We are finding, as our illegal drug use goes down, that this legal drug use has become more and more a problem.

Our main approach is treatment and education.

Senator GLENN. You say that as hard drug use declines, when you get down to around your percent or percent and half, alcohol use, then, has become more of a problem, more consumption, is that right?

General HUDSON. Yes, sir, it has.

Senator GLENN. Has that been the same for all of you?

General HUDSON. Yes, sir.

Senator GLENN. Really? General Ono, is that the same?

General ONO. I do not know. I doubt it primarily because our policies are pretty stiff along these lines. It is—there is a large chunk of prevention, Mr. Chairman, that is a part of our program, and what we are saying here, then, is that if a soldier is found DWI, then action will be taken.

If an NCO——

Senator GLENN. I was not referring just to drunk driving charges and things like that.

General ONO. I understand what you are saying.

Senator GLENN. Across-the-board alcohol problems.

General ONO. I understand what you are saying. This is an indicator that you may have a problem person on your hands, so some action must be taken.

Simultaneous with that, in our clubs we do not—or any of our establishments that serve alcohol, no alcohol is served before 1600 or 1700 or 4 or 5 o'clock. And, at the same time, the ages have been raised to 21 or to coincide with the prevailing community's age limitation.

At the same time there will be, according to our rules, no happy hour prices or reduced prices that would encourage drinking within our clubs.

So what we are saying here is that we have a prevention program as well as one that would deal very severely with those who are found to abuse. And the note I get from my staff is that alcohol abuse within the Army is down.

Senator GLENN. General Hudson, I interrupted you in mid-flight there. Go ahead with the rest of your statement.

General HUDSON. Well as General Hickey has pointed out what has been done in the Army, we have attempted——

Senator GLENN. General Ono.

General HUDSON. General Ono, rather, we have attempted at every opportunity to deglamorize the use of alcohol for officers and enlisted marines. But we find that the young enlisted marines are our biggest problem. We find that most of the serious mishaps, recreational mishaps, and vehicle mishaps have some alcohol involvement. Any occurrences of a violent nature, family abuse and so forth, generally are associated with some alcohol involvement. So, we consider it a particularly serious problem. We have as strong an education program as we have been able to come up with so far, and we are looking for ways, quite frankly, to bolster that along with treatment.

Senator GLENN. Admiral.

Admiral BOORDA. I have got some numbers that might be interesting. I think they back up really what you have said and what everyone said.

First of all, the Navy programs and the Navy policies echo Army's and Marine Corps that you have just heard, and I think we are all doing things to try to deglamorize alcohol and also not to look at disciplinary infractions that are alcohol-related as boys will be boys.

I remember when I first came in the Navy, that was an excuse for what you did, and now it is one of the things you did wrong.

But as drug use has gone down—and I may have quoted some figure that were not all that great, but in fiscal year 1988 the actual number of positives the Navy had for drug abuse were 2.07 percent of the urinalysis we do. And that is really down from the 30 and 40 percent of the early part of the decade.

The number of people reporting some impairment in the last 30 days due to alcohol abuse has wandered around figures of 32 percent or 35 percent. In 1985 it was 35 percent, and in 1988 for some reason it dropped to 26.4 percent. But remember, these are people telling us what they are doing.

Senator GLENN. What is the definition of that now? What are the figures?

Admiral BOORDA. It is self-reported productivity loss due to alcohol abuse, and that would be during the last 30 days. But remember, that is a person saying that about themselves. So, that would indicate to you that it is a big problem, but it has dropped slightly.

However, we have a very extensive rehabilitation program and over the last few years, we have had these kind of numbers go through that program. And in 1985, 5,385 people. That climbed by 200 in 1986, another hundred in 1987, and in 1988 we rehabilitated 6,990 people. My guess, and it is more than a guess, is that the only reason those numbers are as little as they are is the capacity of the rehabilitation system, not the demand for the service.

So, it is a big problem and one we need to keep working on, and it is not getting smaller.

Senator GLENN. General Hickey.

General HICKEY. Yes, sir. Essentially the same results. As we have found how to deal with drug abuse of illegal drugs, I think as it followed that we found out a little bit more how to deal with alcohol and our taking it on as an up-front problem to deal with in a better manner than we were historically. But for whatever reasons, our alcohol rehabilitation programs are more highly populated now than they were 3 years ago, and we have more people on alcohol rehabilitation programs than we do in drug programs by a significant numbers at almost every base where we have dual programs going.

Part of that I think is because we are better at identifying them and people are more prone to bring them in as identities because of our experience with the illegal drug abuse program. But it still persists, and there are still a lot of people whom we have not identified and whom we haven't been able to get into the rehabilitation program.

But I have noticed personally in social contact—and it is not just military, but I think across the board—that within the United States there seems to be less drinking and traditional kinds of social events and particularly less consumption of hard alcohol or hard liquors than there used to be within the last year or 2 years. So, I think people are much more sensitive to it across the board.

Senator GLENN. Do most of the bases have a chapter of Alcoholics Anonymous? I think most of them do now, do they not? I know when I travel to different bases there is usually a little notice about meeting or something like that.

General **Hickey**. You did not use to see that years ago. So, maybe we are making some progress in that area, too.

Senator **Glenn**. Do you gentlemen have anything you want to beat on me about before we end here? Do you have any particular burning issue you want to address before we end?

Admiral **Boorda**. No. I would like to just encourage the staff to keep trying for the 9-year obligation. That is a tough one for us.

Senator **Glenn**. Yes. [Laughter.]

Well, they beat me down so far, but we will see.

Just a thing that would be of interest to everyone, President Bush held a press conference at 4 o'clock to announce that we are sending a combined brigade of 2,000 troops to beef up U.S. presence at this time of tension in Panama. We are recalling our Ambassador to Panama for consultation.

What is the rest of this? Seven other——

A **Voice**. There is a total of seven action items. I do not have the details.

Senator **Glenn**. Apparently, there are some other action items here, but that is basically what he announced. So, I guess we are moving in that area, too. I imagine you gentlemen will all be involved with that one way or another here shortly. Thank you all. It has been a good hearing today. We complain a lot about things, but there are lots of good and right things going on and a lot of advances we are making in areas we work on together that are for the good of the services, and obviously we would like to push everybody toward perfection, us included on this side of the river. Maybe that is an unattainable goal, but nevertheless a noble goal.

One thing we want to do with all of this in manpower is we want to achieve better combat effectiveness. That is the basic reason we all are here and even have a Defense Department. So, our one additional responsibility over here that makes it particularly difficult is we have to look out for footing the bill also in many different areas, and that makes it difficult for us to do some of the things that we would rather do, too, and it means we have to get the most efficient use out of every dollar we spend, obviously, so keep in touch with us here. When you have some ideas you want to bounce off us regarding some things you think might help out, let us know.

I think too often we let our contacts only come at these hearings, and we should be working—I know the staffs work back and forth all together all the time. So, anyway, I appreciate your testimony and answers to our questions. We may want to submit other additional questions to you, other committee members that were not able to be here may submit questions. And I appreciate your being here, and the committee will stand in recess subject to the call of the Chair.

[Questions for the record with answers supplied follow:]

Questions Submitted by Senator John Glenn

THE ARMY AND SOCIETY

Senator **Glenn**. General Ono, in an "op ed" in the May 2 edition of the Washington Post the ~~former~~ Assistant Secretary of the Army for Manpower and Reserve Affairs, Delbert Spurlock, argued that:

(1) "The Army is the largest employer in the Nation";

(2) The "Army is producing the most competent and flexibile new entrants to the American labor force"; and

(3) As a result of the training and education benefits provided for Army service, between now and the turn of the century, the 1.5 million young people experiencing the Army "will constitute the largest and most successful Federal investment in human capital".

He then asserted that the "Army should ensure the maximum societal benefits from its departing soldiers by actively assisting their transition to higher education institutions or by assisting their transition to public- and private-sector employers who can take immediate advantage of their skills. . ."

Do you agree that Army training, though primarily directed to develop and maintain combat readiness, has important benefits to society as well?

For those trained and skilled soldiers who persist in leaving the service, what programs are in place to assist in their efficient transitions to civilian life?

What additional programs are needed to ensure that the trained resource is fully utilized by society?

General ONO. I do indeed. In many instances, Army training develops skills which have a direct application to the civil sector. Training courses in electronic maintenance, computer operation, aircraft repair, and a wide range of other technical subjects produce technicians profoundly needed by our economy. In a broader sense, however, all of our training programs instill personal attributes such as self-confidence, social maturity, acceptance of legitimate authority, enhanced trainability, and adaptability that enhance the individual's value to future employers and to society as a whole. In short, Army alumni have been trained to be better employees and better citizens.

Senator GLENN. For those trained and skilled soldiers who persist in leaving the service, what programs are in place to assist in their efficient transitions to civilian life?

General Ono. The Army views transitioning soldiers as belonging to one of three categories: Retirees; non-retirees entering the job market, and non-retirees returning to school.

The Army has a network of retiree services officers who provide extensive counseling and information services to soldiers retiring from active duty. These services begin after a soldier attains seventeen years of active service and continue after the soldier's retirement.

Soldiers leaving active duty to return to school are aided by a world-wide network of Army education counselors who provide continuous education services throughout a soldier's term of active service. These services include education testing, counseling, and assistance in securing college courses while on active duty. As soldiers near transition, more specific information is provided regarding educational benefits earned and the cost of higher education.

The Army does not now have a standardized program to assist soldiers transitioning into the civilian job market. Many Army installations, often in cooperation with state employment security agencies, have developed programs of assistance. The Army is examining those programs and exploring other ways of providing job assistance to determine the best means of smoothing the entry of transitioning soldiers into the civilian job market.

Senator GLENN. What additional programs are needed to ensure that the trained resource is fully utilized by society?

General ONO. I believe that soldiers have skills and capabilities badly needed by employers, and I strongly believe that soldiers want to fully utilize their skills in meaningful jobs. What is needed is a national program that matches the transitioning soldier's capabilities with the employer's needs. Such a program would naturally transcend the Army's purview and capabilities. Its realization would require a national initiative involving many segments of the Federal Government, State government, and the private sector.

DEPENDENTS OVERSEAS

Senator GLENN. Last year, the Senate struck a provision in the Defense Appropriations bill for fiscal year 1989 that would have prohibited appropriated fund support for dependents overseas at any level above the number residing overseas at the end of fiscal year 1987. The provision would have also required the DOD to develop and implement personnel and, deployment policies to reduce the ceiling by 10 percent by the end of fiscal year 1991.

I supported striking the provision because I am a firm believer in keeping families together whenever it makes sense to do so and when it does not get in the way of combat efficiency. However, it seems to me that there needs to be a more coherent DOD policy in this area, especially with regard to so-called noncommand-sponsored dependents overseas. These noncommand-sponsored dependents put a heavy drain on overseas support resources like child care, military exchanges, commissaries, Department of Defense Schools, medical, and morale, welfare and recreation activities. This is unfair to those who are on command sponsored tours and to unaccompanied personnel.

Mr. Berteau, would you support a policy that required an individual who, after being discouraged from bringing a noncommand-sponsored dependent overseas, to pay a surcharge for services rendered?

General Ono, Admiral Boorda, General Hickey, and General Hudson, what are your views on this. Shouldn't the services start with a strict policy for officers who should set the example?

Mr. Berteau. I do not think a surcharge would serve a useful purpose. We do not encourage members to take noncommand-sponsored dependents overseas. Once the dependents arrive overseas, however, commanders should still feel responsible to assist all members in providing adequately for their families' needs. Members with noncommand-sponsored dependents are not entitled to station allowances, such as overseas housing and cost-of-living allowances, at the with-dependent rate. Given the high cost of rent and the impact of currency fluctuations in many places overseas, many members are already likely to be stressed financially. Adding a surcharge when they seek to spend dollars rather than marks or yen would make their problems that much more difficult.

ARMY

General Ono. I do not believe we would accomplish very much by requiring officers to pay a surcharge for support services received. According to our most recent demographic reports, over 200,000 Army family members reside overseas. Approximately 12,000, less than 6%, of these are non-command-sponsored. Even though these family members impact on the availability of support services, I believe the total drain to be minimal. The preponderance of non-command-sponsored dependents come from junior enlisted families. Making an example of our officers will not significantly affect either their decision or the decision of young enlisted families to accompany their soldier spouse overseas—even when unauthorized. The Army absolutely discourages soldiers from bringing non-command-sponsored families into overseas areas. We inform our soldiers of the disadvantages, such as travel cost, no housing support, limited uses of Department of Defense Schools, and lack of cost-of-living allowance. However, because of their desire to stay together, as a family, many bear the burdens and hardships. Once the decision is made, our commanders are still obligated to consider the welfare of both soldier and family. Imposing a surcharge on our officers would not significantly affect their decision to bring families. Certainly, surcharges that include junior enlisted families would only serve to exacerbate an already financially strained family unit. Even though we can limit the number, families will continue to accompany their soldier spouse—in the case of our junior enlisted families, their ability to financially survive would be significantly threatened with surcharges for the limited support services they use.

NAVY

Admiral Boorda. Navy does not support a surcharge for service. Navy has 38,500 dependents overseas. 2,837 are non-command sponsored (as of March 31, 1989). In most circumstances the small numbers involved would not place an undue burden on the command. In the event local facilities become overburdened by non-command-sponsored dependents, it remains a prerogative of the Base Commanding Officer to deny use of such facilities to non-command-sponsored dependents. A surcharge for services would probably be viewed by service personnel as a further erosion of benefits. Given the small numbers of our non-command-sponsored dependents, the Navy revenue to be gained would be minimal and possibly counterproductive to the morale of Navy service personnel.

MARINE CORPS

General Hudson. Thank-you for your support in striking the provision in the Defense appropriations bill for fiscal year 1989. The provision would not have solved the problem. I share your concern about the number of non-command sponsored dependents for the same reasons that you have stated. The presence of non-command sponsored dependents has been sharply reduced in recent years because of the growth in the number of units participating in the Unit Deployment Program and our Accompanied Tours WESTPAC Programs. The Marine Corps does not have the authority to prohibit or limit the dependents of marines who are serving dependents-restricted tours from visiting overseas regardless of the length of or reason for the visit.

We strongly discourage extended visits or the relocation overseas by non-command sponsored dependents. Commanders are responsible for conducting screening and counseling for each marine who receives PCS orders overseas. The Commandant directed that Commanding Officers use their professional experience to ensure junior marines fully understand all that overseas duty entails, particularly the conditions existing at various duty stations and how they affect dependents.

I believe that our current policy and the overseas screening process are effective in discouraging marines assigned a dependents-restricted tour from bringing their non-command sponsored dependents overseas. This policy goes to the furthest extent allowable by law and is reasonable for all marines. Through effective leadership, that is keeping our marines informed and focussed on their mission, we will continue to curtail excessive growth in the number of non-command sponsored dependents overseas.

AIR FORCE

General HICKEY. In short, no. The total number of noncommand sponsored dependents involved does not appear to warrant the administration of such a program. Of the approximately 150,500 Air Force active duty members assigned overseas, there are approximately 4,000 verifiable noncommand sponsored dependents, which includes those dependents acquired overseas either through marriage or adoption. Of the 4,000 noncommand sponsored dependents, 117 are enrolled in grades K thru 12. DOD directives state that American citizens (noncommand sponsored dependents) cannot be denied medical services and are entitled enrollment in DOD dependent schools on a space-available, tuition-free basis. Other than these privileges, facilities such as Base Exchanges and Commissaries are normally not available to this category of dependent. The nominal financial gain from these activities would be quickly offset by the added cost of administration.

QUESTIONS SUBMITTED BY SENATOR J. JAMES EXON

IMPACT OF CHANGING DEMOGRAPHICS ON RECRUITING

Senator EXON. Mr. Berteau, Secretary Cheney has referred to problems of recruitment and retention of top quality personnel that are in part attributable to a declining cohort of young people in the population upon which the services can draw. To what extent, in your judgment, is this a problem? What do the long term demographics—say to the year 2010, indicate concerning the availability of manpower for defense needs and what step are you taking to respond to the changing demographics faced by the services as competitors for an increasingly scarce pool of entry level personnel?

Mr. BERTEAU. The shrinking youth population will make recruiting more difficult, but not impossible. The services' recruiting success has not followed changes in the size of the youth population over the last 10 years. Fiscal year 1979, when the youth population peaked, is the only year since the advent of the volunteer force that all services missed their recruiting objectives. The youth population has been declining since 1979 yet recruiting improved each year during the early 1980s, with sustained record high quality since fiscal year 1985. Recent recruiting difficulties have resulted from the combined effects of reductions in recruiting resources and high employment rates.

Looking to the future, the demographics that affect the population from which we drew most of our recruits are changing. The data exhibited earlier in this testimony indicate that based on service recruiting objectives, only about 5 percent of the qualified male youth population will need to be recruited to serve in the active and reserve components. Many people assume that recruiting problems will be solved in the mid 1990s when the population starts to increase again. But the changing demographics of this population warrant continued caution. By the year 2000, the workforce will be older, with a larger proportion of minorities and recent immigrants, and with potentially lower skill levels.

To respond to the changing demographics we must be proactive to meet the challenge of a competitive market for available human resources. Based on studies which provide enlistment propensities of youth, recruiting strategies are being refined to better match the demographics of age, sex, race/ethnicity, geographical region, and level of education. Enlistment incentive packages (including enlistment bonuses, educational benefits, terms of enlistment, assignment choices, etc.) are being tailored to appeal to additional segments of the youth labor market. Recruitment and advertisment campaigns will then be developed to target the different groups we need to attract. Continuous evaluation and adjustment will keep these programs on track, so the services should be able to attract the number and quality of people needed to meet force requirements.

Thus, continued research on changing demographics and the needs and aspirations of these groups is needed. However, research will not substitute for competitive military pay, desirable quality of life, and adequate recruiting resources to meet service manpower requirements in the future.

QUALITY OF WORKFORCE

Senator Exon. Private industry has become concerned about the possible future decline in the quality of the nation's entry level workforce. While there is no doubt in my mind that we have the finest people ever in our armed forces, we are now hearing the first rumblings of a decline in quality. How serious a problem is this for each of our services, and how would you advise the committee to assist you in your efforts to recruit and retain the very best personnel?

ARMY

General Ono. The private industry concern over the possible future decline of quality in the nation's entry workforce is, in our estimation, highly warranted. The prime military cohort which we seek to recruit is the 17-21 year old male non-prior service, high school graduate who is mentally, medically, and morally qualified. These are the same quality youth who are sought by private industry. Since 1985, this cohort has decreased over 7 percent and is expected to decline an additional 16 percent by 1994.

Coupled with the declining youth market are fewer high school graduates, less technically qualified youth, lower college enrollments, and an aging of the overall population. Male high school diploma graduates are projected to decline from approximately 1,365,000 in 1989 to a low of 1,160,000 in 1992—the lowest number in the last fifteen years. Mathematics and science scores, as well as enrollment in these subjects, are also on the decline according to studies by the National Academy of Sciences. The aging of the U.S. population is evident in that the median age is expected to rise by 7 years to 37 years of age by the year 2000.

The downward trend in quality youth is a serious problem for the U.S. Army. Recruiting large numbers of quality youth and retraining them requires, on the one hand, a highly competitive, and attractive incentive to join and, on the other hand, a challenging, satisfying and rewarding environment to stay.

The committee can assist our efforts to continue the unprecedented past success of the "all recruited Army" by approval of the legislation which would allow the Army to test the 2+2+4 (Army College Fund Plus) and by supporting the increased resource requests which will enhance the attractiveness of the Army College Fund for longer terms, raise the Enlistment Bonus to a more competitive level, and improve the effects of Army advertising.

NAVY

Admiral Boorda. The Navy draws the bulk of its manpower from the same pool of entry level workers that supports private industry. A decline in quality is therefore a serious concern. At the present time, although we are beginning to feel the effects of a declining manpower pool, Navy has been successful in meeting its active duty accessions with the required quality. No adjustments have been made to those parameters which all the services use to define the quality of their forces. I am quite concerned, however, because of fierce competition for the academically superior segment of our youth population by colleges and corporate programs, that the effect of the shrinking youth population has been intensified. Recruiting is getting more difficult and by focusing on the near term we have achieved our goals, but at the expense of the Delayed Entry Program. The best thing we can do for recruiting right now is to improve the Navy's image with today's youth through national television awareness advertising, and we must continue to fully support recruiting operations.

MARINE CORPS

General HUDSON. A reduction in the quality of the force is not yet a serious problem in the Marine Corps. However, as you mentioned, there is a possibility for decline in the quality of the Nation's entry level workforce. We believe this workforce decline will be reflected in the quantity of qualified applicants not in the quality of the individual youth of America. Our planners estimate that by 1994 we will have eight-hundred thousand fewer qualified military applicants available for service in the Armed Services than we have today. Combine that drop in available applicants with the competition from the private sector as well as the possible added competition of National Service and we would definitely have a condition causing serious problems in recruiting and retaining our force.

We need your help in assisting our efforts to recruit and retain quality personnel by remaining committed to keeping the services and the benefits they offer an attractive alternative. It is imperative that military pay, bonuses, and other benefits be set and maintained at reasonably comparable levels with the civilian sector. Our young people cannot be expected to volunteer for the Armed Forces when their pay and benefits are inferior to alternative, less demanding, careers.

AIR FORCE

General HICKEY. Presently, the Air Force enlisted recruiting program is healthy. Over 99 percent of our recruits are high school diploma graduates, over 50 percent are in Mental Categories I & II, and Category IV accessions, the lowest allowed, are less than .1 percent. These statistics virtually mirror our fiscal year 1988 results. The Air Force continues to be the service of choice for recruits seeking high tech training. One of the reasons for our continued success, however, is lower accession levels. Just a few years ago, the Air Force recruited 55,000 to 65,000 enlisted members per year. Due to congressionally mandated budget limitations and end-strength reductions, Air Force accessions are currently in the mid-40,000 range. Air Force enlisted recruiting does have some problems. We are experiencing some regional difficulties in achieving enlisted recruiting goals, specifically in the Northeast and on the West Coast. A portion of this difficulty can be attributed to improved economic conditions. Continued recruiting success depends upon the right mix of recruiting and advertising resources, enlistment incentives, and pay and benefits. As long as Congress supports our requests, we foresee no great difficulty in meeting our future manpower requirements.

TECHNICAL JOBS AND WORKFORCE QUALITY

Senator EXON. Mr. Berteau, the basic thrust of our defense strategy for many years has been to compensate for the manpower and conventional weapons capacity of potential adversaries by stressing technical innovation and excellence and highly trained personnel. Given the present low unemployment rate, and the smaller number of personnel from which to recruit, is this high tech approach to our defense staffing still correct? Are we going to be able to attract people that can perform in a complex, high technology environment? What must be done to continue our technical edge when it comes to military skills?

Mr. BERTEAU. Technical innovation, technical excellence, and highly trained personnel will continue to be important to our strategic response in the future, and will influence manpower requirements for defense. As the services field increasingly sophisticated weapon systems, requirements for specialists and technicians are predicted to grow. This has been the trend since World War II as military occupations have shifted from work requiring general military skills to tasks requiring special expertise, and the trend is likely to continue as new generations of systems are introduced. With a growing emphasis on computerized systems and information processing functions, such systems tend to be more complicated than their predecessors and should increase the requirements for skilled military technicians. We must make a concerted effort to continue our technical edge when it comes to military skills.

We will continue to have requirements for recruit quality in terms of individuals whose skills, abilities, and training prepare them to perform in all facets of the defense workplace. We believe that, unless totally unforeseen events arise, the services are likely to be able to continue to recruit sufficient numbers of high school graduates of average or above aptitude to meet anticipated requirements. The question addresses whether we can attract the right "type" of people, and we believe that we can. New recruits in tomorrow's military must possess the skills necessary to perform the jobs of the future. These skills include: (1) reasoning and problem solving,

(2) reading, (3) writing, (4) oral communication, (5) computation, and (6) computer and science literacy. In addition, enlistees will need additional non-cognitive characteristics to succeed on the job, including positive attitudes, good work habits, and interpersonal skills. Obviously, these competencies are not achievable by all young people to the same degree. Nevertheless, they are important to strive for if new recruits are to become successful and contributing military members, and to subsequently return to civilian life and participate fully in the civic and cultural life of our country.

ARMY

General Ono. We see no problem recruiting sufficient quality soldiers for the Army if incentive and advertising levels are restored and funded. Although the current recruiting marketplace is highly competitive, there is a sufficient supply of quality youth to attain the Army's recruiting mission given adequate resourcing. The strategy to recruit high quality soldiers must be continued. In addition to their technical trainability they improve readiness, complete their service and are cost effective. The reduced in-discipline and first attrition rates are valuable side effects of recruiting quality soldiers. Quality soldiers perform better and are better prepared for combat. Studies show that quality soldiers are five times as effective destroying enemy armor and twice as effective stopping enemy infantry. The number of high quality contracts written declined 20 percent from 1986 to 1988. This trend can be reversed with restoration of recruiting incentives to 1985 levels. The fact that the Montgomery GI Bill benefits, Army College Fund kickers and enlistment bonuses have not been increased since 1985 exacerbates the problem of attracting sufficient quality recruits to the Army in the very competitive youth labor marketplace. The face value of the package has diminished by almost one-third since 1985. Efforts are underway to increase incentive levels and to implement new enlistment options to expand the recruiting market. The reduction in recruiting resources (to include advertising) plus restrictions on utilization of the 2-year Army College Fund offers are significant reasons for our current recruiting difficulty.

NAVY

Admiral Boorda. The high tech approach to our defense staffing is still the correct strategy for today's military. The Navy has consistently achieved its quantity and quality goals every month in fiscal year 1988 and each month so far in fiscal year 1989. We fully expect to achieve our fiscal year goals of 57.5 percent upper mental groups and 90 percent high school diploma graduates. We are concerned about the increasing difficulty of finding sufficient numbers of the more capable upper mental group category from which we draw people for our nuclear and advanced technical skills. Of even greater concern, however, is the Department of Defense Youth Attitude Tracking Survey which shows a declining propensity for young males to join the Navy. The results also show that potential enlistees have incorrect perceptions that the Navy is low tech, with limited training opportunities. The Navy mission is also not understood by the recruitable market. This perception makes our job harder. We intend to tackle the Navy's public image problem through a long-range advertising and public relations strategy that will not only improve, but maintain the 17–21 year old's propensity to enlist. We are also developing a Navy College Fund program. This program is designed to attract the market segment that represents the quality in aptitude and skills needed by high technology Navy jobs. This program should also provide market expansion into the college bound segment without increasing competition among the services. In order to continue our technological edge when it comes to military skills, we must maintain our balanced program of reenlistment bonuses and retention incentives as well as advanced training to keep our high quality sailors in the fleet.

MARINE CORPS

General Hudson. I don't believe that a high tech approach to our defense staffing is a correct portrayal of what the Marine Corps is attempting to accomplish. We are endeavoring to reach a balanced approach by manning our force with the "best available." We take this approach because of the following: First, we want to man our force with quality personnel throughout the spectrum of high to low tech skills. Secondly, we want these "best available' individuals because of their demonstrated ability to finish a task they start, which in the long run enables us to optimize our recruiting efforts and minimize our training costs. With the ever decreasing number of personnel available to serve, we will remain balanced in our approach to seeking the best qualified.

Whether we will be able to continue to attract individuals who can perform in the high technological environment of today's military remains to be seen. Our planners indicate that from 1989 to 1994 there will be approximately eight-hundred thousand fewer qualified and available applicants. The competition from the private sector for these individuals and the possible added competition of National Service, would definitely hinder our ability to attract quality individuals to serve.

In order to maintain our technological edge when it comes to military skills, we must continue to attract and retain quality individuals to serve this Nation. Maintaining that edge requires a combination of quality individuals, effective training, and technological skills.

AIR FORCE

General **Hickey**. The Air Force has committed itself to a high tech environment and we in personnel are charged with recruiting people that can make the grade in this environment. So far, we have been able to find the high quality people we need and will continue to do so with Congress' help. As I mentioned earlier, this help can be in the form of recruiting and advertising support, better enlistment incentives, and more attractive pay and benefits. To maintain our technological edge, at the minimum, formal technical training of our accessions must be maintained, if not enhanced, to preclude the added burden on operational unit training programs.

TRAINING AT WAR COLLEGE INAPPROPRIATE

Senator **Exon**. A recent report from the House Armed Services Committee indicates that the training we are providing at the staff colleges and senior war colleges may be inappropriate. Have any of you seen this report, and what is your overall reaction to its findings and recommendations concerning professional military education?

Mr. **Berteau**. The report mentioned is that of the Panel on Military Education, chaired by Congressman Ike Skelton. We have seen it, and we are acting on it. While the report did identify deficiencies and made extensive recommendations regarding officer education as a whole, it also acknowledged the fact that the Staff and War Colleges of the Services and the National Defense University are strong, effective tools in military education. We view the Skelton Panel report favorably and agree that the recommendations generally strengthen military education. Many of these are in the process of implementation now, and certain others are under review by the Services, the Joint Staff, and the Office of the Secretary of Defense. Resource considerations, in terms of people and funding, inevitably play a large role in several others. We are continuing to work with the Panel to improve our system of joint, strategic and professional military education.

ARMY

General **Ono**. Yes, the Army has reviewed the report of the House Armed Services Committee Panel on Military Education. Our overall reaction has been that the Panel's report represents a comprehensive, fair, and balanced assessment of professional military education within the Department of Defense.

It is misleading, however, to characterize the report as concluding that the education provided officers at staff and senior war colleges is inappropriate. The report offered individual assessments of the staff and war colleges of each of the services, and these assessments varied widely across the various schools.

The report stated, for example, that the Command and General Staff Officers' Course at Fort Leavenworth "provides a sound education for officers progressing beyond the rank of major, CGSOC's focus is on the interface between the tactical and operational levels of war. This seems appropriate." The report offered particular praise for the advanced military studies program within Leavenworth's School of Advanced Military Studies and singled out the comparatively low proportion of passive learning within the CGSC curriculum as a model deserving emulation by other schools.

With respect to the Army War College, the Panel's report expressed concern that the war college's curriculum "lacks a clearly defined focus." At the same time, however, the Panel acknowledged that the Army Chief of Staff had previously tasked the Commandant of the Army War College to conduct a comprehensive assessment of the war college with an eye toward sharpening the focus of the war college curriculum. As a result of that assessment, which was completed after the Panel's visit to the Army War College, that school's curriculum has been substantially revised to ensure that the focus of the curriculum is clearly—and correctly—on national military strategy.

NAVY

Admiral Boorda. The April 21, 1989, report of the House Armed Services Panel on Military Education has been seen by many of our top level leaders in the Navy. I personally have reviewed this report closely, as it contains many recommendations with significant potential impact to Navy's professional military education and officer personnel management systems.

It is hard to disagree with the substantive recommendations contained in the report. We'd really like to send our officers to all the courses the panel recommends. But, and it is a key "but", first and foremost we must properly man our ships and squadrons, and prepare officers for and send them to command at sea as commanders and captains. Other important jobs and experiences, such as Joint Professional Military Education, must fit in with that basic requirement.

The above concern notwithstanding, we are working toward as full and positive a compliance with the HASC report's recommendations as possible in two ways. The first is in our interaction with the Long Committee, a group, commissioned by the Chairman Joint Chiefs of Staff to look into issues quite relevant to the report. The second is through the actions of a Navy Study Group on Professional Military Education tasked to provide a recommended Navy position on each of the recommendations put forth by the Panel, listing pros and cons of the implementation as well as the impact on resources (personnel, facilities, dollars). Both groups are scheduled to report out by early September, so I will be able to address more specifically the impact of the HASC Report at that time.

MARINE CORPS

General Hudson. I have seen the Report of the Panel on Military Education of the One Hundredth Congress, which was the panel chaired by Mr. Skelton. I think that the recommendations and associated rationale are educationally sound, although many of them are resource intensive. For instance, in terms of manpower requirements, implementation of all the recommendations of the report will cause the long-term intellectual development of the officer corps to compete with near-term readiness requirements. As in other areas, a balance must be struck which will improve the quantity and quality of faculty and students, without severely degrading the leadership of the Fleet Marine Force. The Marine Corps is already attempting to deal with this balance by the inclusion of civilian faculty members, and by using Full Time Support Reserve officers to handle Reserve component curriculum.

I defer comment on other service intermediate and senior schools to the appropriate agencies and services, except to say that the Marine Corps is quite satisfied with Marine graduates of all of those other schools. However, I would like to comment on a few areas of the Panel Report on Professional Military Education in the Marine Corps. The Panel noted that no overall structure for PME existed in the Marine Corps, nor were there any mandatory educational requirements.

On April 1, 1989, a Professional Military Education program was activated within the Marine Corps which affects all Marines, active and reserve, from the grade of Corporal through General. This program is progressive, and is aimed at providing every Marine, regardless of Military Occupational Specialty or duty assignment, with a common educational foundation at each grade in which he or she serves. The program is intentionally structured to focus a Marine's military education at the level of war appropriate to grade, commencing with tactical emphasis in the lower grades, and progressing ever-upward through the operational and strategic levels. The program includes mandatory resident and non-resident courses, structured self-study, Corps-wide seminars and symposia, and professional reading.

While praising several aspects of the Marine Corps Command and Staff College, the Panel found fault with the level of education; with the calculation of joint content; and with the intensity of classroom instruction.

I must take exception to the statement in the Panel Report that the College includes ". . . the study of the Navy-Marine interface in calculating a high joint curriculum content" (page 189 of the report). The College has never included in any quantification of its joint curriculum any hours of instruction except those which reflect the interface of two or more Departments. This statement in the report may well have been the result of misinterpretation of conversations between the faculty and Panel members and staff. The faculty of the College believes, even though

Navy-Marine Corps operations are not joint, that since they encompass the employment of air, land, and sea forces, they provide an excellent foundation for examining joint operations.

The Commandant to the Marine Corps and the Director of the Command and Staff College recognized the need for change in the focus of the College a year ago. The academic year which is now finishing has been one of transition in both philosophy and curriculum at the College. The curriculum for Academic Year 1990, which begins in August, 1989, will look strikingly different.

The first half of the year will be spent in a close examination of the theory and nature of war, strategic thought, and operational art. The thrust of this portion of the curriculum will be to gain a conceptual understanding of policy, strategy, operations, and tactics. The second half of the year will be devoted to practical application of this theoretical foundation. From January to early June, students will exercise Marine Air-Ground Task Force in a joint/combined environment in offensive, defensive, amphibious, and Low Intensity Conflict scenarios.

Throughout the academic year, current concepts will be explored against the perspective of history, and applied through a variety of exercises with a view to future conflict. The main objective will be to prepare officers to think at the tactical, operational, and strategic levels of war, and to make sound military decisions based on that thought process. To accomplish that, Academic Year 1990 will bring a decrease in lectures, an increase in seminar work, and an increase of almost 100 percent in time available for reading, thought, and reflection. Evaluated written requirements to validate the process will increase, as well.

In summary, the Marine Corps PME Program and the evolving curriculum at the Command and Staff College will produce officers who have an understanding of the strategic, operational, and tactical levels of war within a joint/combined environment. By adapting doctrine and techniques to the changing conditions of warfare, these officers will develop the ability to out-think and out-fight any opponent. I believe these major educational initiatives are consistent with the philosophical thrust of the Panel Report.

AIR FORCE

General HICKEY. We have reviewed the Skelton Report and are still studying it at this time. However, throughout the development of the report we have been examining those areas emphasized; including the need to develop strategic thinkers, the benefits of rigor in a school, the requirement for quality faculty, and the importance of joint education.

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

CIVILIAN WORK FORCE

Senator MCCAIN. Mr. Berteau, since the peak years of the late 1960s and 1970s when we had a much larger active duty force, has the size of the civilian work force in the Department of Defense grown substantially, and is it consistent with the size of the force today?

Mr. BERTEAU. The budgeted civilian manpower strength for fiscal year 1990 is 1,103,553, which is 286,000 or 21 percent lower than the end strength for fiscal year 1969. During this same period the size of the active duty force declined by 39 percent. There is no fixed correlation between the numbers of civilians and servicemen. While some direct support activities undertaken by civilians are influenced by the size of the active force, many governmental and other functions are not. In addition, the real rate of civilian reduction is being masked to some extent by the civilian substitution program, which converts military positions to civilian where it is determined that military skills and experience are not essential. The size of the civilian work force is determined by funded workload, and is the minimum necessary to perform current approved functions. Continuing scrutiny of selected activities is expected to yield further civilian manpower rationalizations during fiscal year 1991 and beyond.

MANNING LEVELS FOR ACTIVE FORCE

Senator MCCAIN. Mr. Berteau, what is the Defense Guidance for the manning levels for the active force? In other words are the services directed to man at 90 percent or less?

Mr. BERTEAU. The Defense Guidance directs the Services to seek to fill at least 90 percent of the manpower requirements in each Service's programmed force structure. I should emphasize the aggregate nature of this goal as it does not mean that each individual unit should be manned to at least 90 percent, but that the aggregate programmed manning of each Active and Reserve component should be at least 90 percent of their total requirement for trained personnel in units.

GENERAL AND FLAG OFFICER BILLETS

Senator MCCAIN. Mr. Berteau, in your prepared remarks concerning general and flag officer billets you state that the Hay Study validated the requirements for 1,436 billets. How did we win World War II with such a small ratio of general and flag officers as compared to that of today?

Mr. BERTEAU. In 1944 the ratio of GFOs to total personnel was 1/5,500. In 1988 that ratio was increased to 1/2,000. Several actions taken by Congress and the Department of Defense since World War II impact on that ratio.

First, the introduction of the Joint Chiefs of Staff organization along with the Unified and Specified Command structure added a significant level of senior officers to the existing organization. These Congressionally mandated organizations were necessarily leadership heavy, whose lower echelon forces already existed. The result was an increase in GFO requirements without a corresponding increase in "troops," resulting in a higher GFO to personnel ratio.

Second, the standard unit structure has changed significantly since World War II. As technology has increased, the number of personnel required to operate and man units has decreased. The light infantry division is a good example. The mission of a light infantry division is the same as that of the standard infantry division, however it has 5,000 less personnel. Although the number of personnel in the unit have decreased, it still requires a GFO to command the unit due to little or no change in mission. The result is a higher GFO to total personnel ratio.

The final part of the ratio question is that of the structure required to support the combat units. A leadership/support infrastructure exists that must be in place and operational in peace or at war. The primary difference in total personnel is the number of combat units required. Because the GFO/troop ratio is much lower in combat units than in the command or support structure, the more combat units that are added the lower the ratio goes. This was the case in World War II when the combat units exerted more influence and decreased the ratio to 1/5,500.

NATIONAL SERVICE LEGISLATION

Senator MCCAIN. Mr. Berteau, you have indicated that the President will submit national service legislation to the Congress probably this summer. What are the Department's concerns about not disrupting recruiting for four and six year enlistments which are critical to manning the force?

Mr. BERTEAU. There are really two questions here. The first concerns the President's legislative proposal for national service, which we expect to see sometime this summer. The second concerns the potential "buy down" effect that some proposals for national service currently pending before the Congress would introduce. The President's proposal is not expected to have a negative impact on longer terms of enlistment because it focuses on involving young people in community service activities without disrupting their normal pattern of career development. Other national service proposals that involve lucrative incentives in exchange for 2-year active duty enlistment terms do have the potential to reduce the average term of enlistment. Currently, the Services enlist all recruits for more than 2 years. In fiscal year 1988, 15 percent of all active force recruits enlisted for 3 years, and nearly 67 percent enlisted for 4 years. An additional 15 percent entered under 5- and 6-year enlistment options. Combined, over 96 percent of all recruits volunteered for enlistment terms of 3 or more years. Slightly more than 3 percent elected the current minimum enlistment term of 2 years plus recruit and initial skill training time. These longer terms of enlistment have provided a good return on our training investment, improved the productivity and effectiveness of the force, and minimized the requirement for new accessions. The Department is concerned that a significant expansion of the 2-year enlistment option would drive up training costs and accession requirements at the expense of productivity and force effectiveness. Some benefit results from 2-year enlistments when the separating member chooses to join a Selected Reserve unit and can be used in the skill he acquired while on active duty. The current budget proposal contains a carefully balanced set of initiatives to improve the relative attractiveness of longer enlistment terms and to test the impact of targeted incentives for shorter enlistments on reserve unit readiness. These initiatives form an important part of our strategy to attract the quality people required in the more challenging recruiting environment just ahead.

PERSONNEL COSTS AS PERCENTAGE OF BUDGET

Senator McCAIN. Mr. Berteau, what are the personnel costs as a percentage of the defense budget and what projected growth will personnel costs be during the FYDP?

Mr. BERTEAU. The percentage of the defense budget attributable to personnel costs varies depending on the definition of personnel costs used. The following information illustrates this point:

Personnel costs as a percentage of outlays, fiscal year 1990

1. Military & Retired Military Payroll Costs = 24 percent.

Definition: Includes active and reserve military pay to military personnel and the accrued liability for military personnel, which is transferred to the Military Retirement Trust Fund.

2. Military, Civilian, and Retired Military Payroll Costs = 37 percent.

Definition: Includes active and reserve military and civilian personnel pay and the accrued liability for military personnel, which is transferred to the Military Retirement Trust Fund.

3. Total Payroll Costs = 40 percent.

Definition: Includes active and reserve military and civilian personnel pay, and costs related to military personnel for special and incentive pays, permanent change of station travel, subsistence costs in enlisted dining facilities, variable housing allowances, and other costs associated with active and Reserve Component personnel.

4. Personnel Costs = 46 percent.

Definition: In addition to the other costs described above, Defense Family Housing costs include costs for construction, debt payment, leasing, and operation and maintenance of military family housing; Personnel Support Costs include costs for individual training, medical support, recruiting and examining, overseas dependent education, half of base operating support costs, and other miscellaneous costs.

These percentages have remained basically stable for several years and can be expected to continue to do so during the period of the FYDP.

DOD VIEWS—S. 653

Senator McCAIN. Mr. Berteau, what brought about the change in attitude of the Department of Defense concerning S. 653?

Mr. BERTEAU. Legislation such as S. 653 would establish needed incentives to encourage military aviators to remain with the U.S. Armed Forces. The cost of these incentives is expected to be substantially smaller than the alternative cost of training aviators to replace those who would leave in the absence of the incentives. Thus, in addition to keeping experienced aviators in the Armed Forces, the legislation should in the long run save money. However, we do have reservations about certain aspects of the bill.

Section 2(a) of the bill establishes certain flying duty requirements, commonly called "flying gates," to qualify for Aviator Career Incentive Pay (ACIP); the loss of flight pay for those who would not qualify under these criteria would operate against retention. We would prefer that the Secretary of Defense be provided the flexibility to establish and change such flying duty requirements to meet the changing personnel management needs of the Military Services. We also suggest modification of section 2(c) to authorize, but not require, ACIP increases that match annual increases in military pay.

We also believe that section 4 of the bill, which would reduce the number of aviators assigned to non-flying positions, denies the Secretary of Defense and the Secretaries of the Military Departments the flexibility they need in managing personnel requirements. Such flexibility also would be affected by section 5, which establishes minimum initial service obligations for aviators. We recommend the deletion of sections 4 and 5.

Modification of the legislation, as outlined, would help ensure that the fullest benefit is derived from this important legislation.

SURCHARGES ON COMMISSARY PURCHASES

Senator McCAIN. Mr. Berteau, if we raised the surcharge on commissary purchases by 1 percent and set the money aside for the construction of child care centers, how fast could we build out the backlog of child care centers?

Mr. BERTEAU. Annual commissary sales are about $5.2 billion and one percent would be $50 million per year. The current construction backlog for DOD child care centers is approximately $500M. Therefore, it would take years to pay off the backlog of construction. However, the Department would be opposed to changing existing laws to implement such a proposal. Title 10 USC directs that the funds generated from the commissionary surcharge be used to pay the specific commissary operating costs that may not be funded with appropriations; however, it is the fact that appropriations are authorized and used to fund many of the overhead costs to operate commissaries that produces the savings that are the compensation benefit of the commissary. Increasing the surcharge effectively has the same effect as decreasing pay to military members. Directing the surcharge revenues be used for other than commissary operations costs, in essence, is indirectly transferring the appropriated subsidy from commissaries to other activities.

CIVIL WORKS

Senator MCCAIN. How many officers and enlisted personnel support the Army's Civil Works functions? What are their war time assignments upon mobilization? How does their work in civil works projects prepare them for their war time mission? Could these active duty slots be converted to mobilization augmentee slots?

General ONO. The U.S. Army Corps of Engineers is authorized 426 officers, 1 warrant officer, and zero enlisted personnel. Actual civil funded officer strength is currently less than total authorized and is approximately 275.

Senior Officers at the command level, who form a significant portion of the total civil works officer population, can in most cases be expected to remain in their current location. Majors and captains are likely to be reassigned to meet shortfalls identified at the time of mobilization. Generally, they are not preassigned to specific mobilization positions.

Most junior officers (majors and captains) are engaged in both construction and engineering management. They are also involved in emergency operations requiring expedited design, construction, procurement and modifications to operations to deal with diverse contingencies. This background provides a strong basis to deal with the various military positions.

All civil funded active duty officer positions represent a current operational requirement during peacetime and they cannot be eliminated without suitable civilian replacements. However, the use of military officers in these positions provides an opportunity for valuable training that can be translated into an improved wartime capability that would be lost without this training base. Mobilization augmentee positions are those that are designated for fill by a reservist at the time of mobilization. Hence, they do not place a demand on the active duty population. At the time of mobilization it is reasonable to expect that civil funded officers, like their military funded counterparts, will be assigned to fill the most critical positions identified at that time.

CATEGORY IV ACCESSIONS

Senator MCCAIN. General Ono, several years ago, we were informed that 5 percent Category IV recruits was the acceptable limit for recruitment. Is that correct and if not what is the acceptable limit?

General ONO. Our goal is to recruit the highest quality soldier while continuing to meet overall mission requirements. From fiscal year 1986 through 1988, approximately 4 percent of our accessions were in Category IV. Given the demographic and recruiting resource levels in those years, 5 percent was likely an acceptable limit. All our studies and analysis have proven that high quality soldiers improve combat readiness, reduce attrition, and are much more cost effective than lower quality recruits.

However, the environment has changed. Some factors affecting the environment include a highly competitive recruiting market, incentives which have declined in market appeal, and a strong economy which provides more opportunities for today's quality youth. As a result, in the first half of fiscal year 1989, over 11 percent of our accessions were in Category IV. With the higher quality summer accessions and a reduced fiscal year 1989 recruiting mission, we project 7 percent Category IV for fiscal year 1989.

We have developed a number of initiatives to help offset this difficult recruiting environment. These include Army College Fund enhancements, increases in recruiting advertising, increased enlistment bonus levels and a test for a special two-year enlistment option for non-combat arms MOS. Given these initiatives, we project up to 10 percent Category IV accessions in fiscal year 1990; without these initiatives, the projection is as high as 16 percent or more.

In recent years, the Army has set a 10 percent ceiling on the percent of Category IV accessions. Given a changing environment, we will work to maintain the highest quality force within that ceiling.

MANPOWER OVERVIEW

Senator McCain. General Ono, do Category IV recruits attempt to remain in the career force at a higher rate than upper mental category recruits, and if so, what does the Army's acceptance of more Cat IVs now say about the senior NCO ranks of the Army 10 to 15 years from now?

General Ono. Senator McCain, although test category IV soldiers do demonstrate higher retention rates than test category I–IIIA soldiers at the first reenlistment point, differences in reenlistment behavior quickly evaporate as a soldier's career continues, demonstrating that the Army's continuing education and professional development system are successful in overcoming academic shortcomings evident at time of enlistment. The following table traces the reenlistment rate of eligible initial term soldiers from 1983 to 1988.

Test category	Fiscal year					
	1983	1984	1985	1986	1987	1988
I–IIIA	43.1	38.8	38.0	35.1	35.9	44.0
IIIB	49.3	47.3	47.9	47.3	47.6	56.3
IV	46.6	47.2	48.4	50.4	53.6	51.1

Test category provides an excellent tool for the initial accession of civilians to the Army; however, this standard is supplanted by demonstrated performance as a soldier progresses through initial entry training to the first and subsequent assignments. Because the Army recognizes actual performance as the true measure of a soldier's worth, mental test category score is not employed in management decisions after entry into the service. We are pleased with the performance of today's soldiers and junior noncommissioned officers. We expect them to keep performing and to become outstanding senior NCO's in the future.

MANNING IMPACT OF NAVAL RESERVE FLEET TRANSFERS

Senator McCain. Admiral Boorda, the Navy is transferring ships to the Naval Reserve Fleet this year. Would you outline for us how the Navy will man these ships and what impact this will have on full time support manning for the Navy?

Admiral Boorda. The four *Knox* (FF–1052) Class frigates being transferred to the NRF in fiscal year 1990 are the first of 24 to be placed in Reserve status by 1993. Active duty manning of the initial four FF–1052s is executable by retaining onboard one third of the present USN crew. The remainder of the active duty crew will be established by realignment of the current available Full Time Support (TAR) personnel inventory. Selected Reserve personnel will complete the total manning mix by reassignment from other units. The first four ships to transfer in fiscal year 1990 will not require a change to present home port.

For the fiscal years 1991–93 Full Time Support manning requirements, innovative planning, policy and management will be required to meet the personnel challenges involved. Legislative support is necessary for a TAR Selective Reenlistment Bonus to attract and retain personnel in critical ratings. To improve promotion opportunity and increase retention, legislative relief is required for raising TAR enlisted rate ceiling restrictions.

Proper policy and management initiatives will be required to attract and retain Selected Reserve Personnel to man the increased number of NRF ships. Legislative approval and funding is being sought for Selected Reserve Unit Incentive Pay. This will provide compensation for the greater demand on sea going reserve personnel. Also NRF homeporting must be supportable by SELRES demographics to effectively man the ships as they are transferred.

Without legislative support for these personnel initiatives, Navy will be hard pressed to recruit and retain qualified personnel to maintain adequate readiness in the NRF *Knox* class frigates.

MEETING SEA/SHORE ROTATION GOAL

Senator McCain. Admiral Boorda, with the budget shrinking and manpower in the active force declining, how will the Navy meet its goal of 3 years of shore duty for 3 years of sea duty?

Admiral Boorda. A sea/shore rotation for our career personnel of 3 years shore duty for 3 years sea duty remains the Navy goal. The current sea/shore ratio is approximately 3.8 years sea duty to 3 years shore duty. This is an executable sea/shore rotation and projects to remain steady through fiscal year 1993. Significant progress has been made toward reducing the number of sea intensive ratings. The number of ratings with extreme sea/shore billet ratios has been reduced from 25 in fiscal year 1979 to 5 in fiscal year 1990. The current force posture represents a balance of fleet readiness and quality of life for our sailors. We can maintain current sea/shore ratios provided manpower budget reductions are associated only with cutbacks in operating forces. This will permit balanced manpower reductions between the sea and shore composites.

CATEGORY IV RECRUITS

Senator McCain. Admiral Boorda, what impact will the increased number of Category IV recruits have on the Navy and the future of the Navy NCO corps?

Admiral Boorda. The impact of the additional Category IV accessions is expected to have a negligible effect on the Navy and on the future of the NCO corps. We had a ceiling last year, and the year before that, of 12 percent Mental Group IVs. I would prefer zero. But it is interesting that a Mental Group IV high school graduate does better overall, so far as discipline and making it to the end without getting a bad discharge are concerned, than a Mental Group I or II non-high school graduate. So if you take Mental Group IVs and give them the care, the extra help they probably need, and put them in the right jobs, they can be successful. Mental Group IVs are not going to the technical schools. So no matter what happens in recruiting, we cannot go higher than 12 percent and have sufficient personnel to meet our more advanced ratings' academic requirements.

NAVY PERSONAL EXCELLENCE PARTNERSHIP PROGRAM

Senator McCain. Admiral Boorda, the Navy has developed an innovative and interesting program called "Youth Excellence Partnership," where the Navy in concert with business and other community groups work with local schools to enhance education, engender citizenship and promote health. Would you comment on this program for the subcommittee and provide a more detailed answer for the record.

Admiral Boorda. The Navy Personal Excellence (Youth Excellence) Partnership Program was established in March 1987. It is designed to foster nationwide collaborative partnerships between Navy and public/private sector organizations to assist schools and youth groups in strengthening the education, health/fitness and citizenship of America's youth. We work with local school boards, chambers of commerce, parent/teacher organizations, businesses, and business groups to encourage the pooling of resources—public, private, and military—to meet the personal excellence needs of our young people.

Program Objectives: Increase the number of youths able to meet entry level standards of the workforce; decrease at-risk factors such as illiteracy, school dropouts, unwanted pregnancies, and suicides; increase levels of academic performance; increase healthy behaviors, such as physical fitness, non-smoking habits, coping skills, drug and alcohol avoidance, good nutrition, and weight controls; and, foster community service and good citizenship.

Examples of Specific Navy Personal Excellence Partnerships: Adopt-a-School—A command formally "adopts" a local school and assists with volunteer personnel and material resources in such areas as tutoring, lecturing, fitness runs, and field trips. Saturday Scholars—Active duty personnel work with local schools and provide one-on-one tutoring on Saturday mornings to help students improve reading and math skills. Navy Volunteers in Education Program—Navy personnel use their technical knowledge to assist teachers and students to improve math, science, and computer skills.

Current Status of the Personal Excellence Partnership Program: Our commands participate in over 400 partnerships throughout the 50 States, assisting over 100,000 young people.

RECRUITING

Senator McCain. General Hudson, it is my understanding that the Commandant has decided to reduce the number of Marine Corps recruiters. Is this true, and if so, is that wise, given the population demographics and problems that we face in the future for all services?

General Hudson. The Marine Corps, through the efforts of a dedicated recruiting force, has attained great success in recruiting the high quality men and women we need to man our force. While we were attaining this success in recruiting, we were also faced with a 3,000 man realignment from supporting establishment personnel to operational units, which was a result of our warfighting enhancement initiatives. The recruiting service share of this realignment, which was spread across the supporting establishment, was 159 recruiters. This reduction was not easily made, and it is an area we are still watching very closely. We are concerned that the recruiting environment is becoming more difficult and therefore, the door has been left open to revisit these reductions if the situation requires an increase in recruiter strength.

NEW WEAPONS IMPACTS ON AIR FORCE END STRENGTH

Senator McCain. General Hickey, if the United States deploys the Rail Garrison MX and the Small mobile ICBM and proceeds with the B-2 as currently planned, what changes, if any, will be needed in Air Force end strength during the FYDP and beyond?

General Hickey. The Air Force considers manpower like dollars to be a resource supporting various Air Force programs and its associated force structure. Currently both the B-2 and Rail Garrison MX systems are fully supported with manpower during the FYDP, and B-2 manpower requirements beyond the FYDP are being addressed. The Small mobile ICBM has limited manpower resources identified against the program at this time. However, we will work to ensure the program receives full manpower support once the issue of final deployment is settled. Currently, in order to provide manpower for all three systems and assuming all other Air Force programs remain static, end strength would have to be increased. If end strength is not forthcoming, the Air Force will consider adjusting programs including force structure, procurement and other areas in order to identify tradeoff manpower to fully support these systems. The final decisions on these programs and any actions that may be needed to ensure full manpower funding will be made in the normal Air Force/DOD programming cycle.

Questions Submitted by Senator Slade Gorton

IMPROVING MILITARY MANPOWER

Senator Gorton. The most cost effective method of improving military manpower is to utilize already available personnel more effectively. Research conducted in the Army Research Institute for the Social and Behavioral Sciences suggests that considerable improvements of this type can be made and should be supported.

Are you planning to provide additional support for this type of research, and if so, how much? If no additional funding is projected for projects of this nature, what other research is currently under way to make more effective use of the intellectual resources, skills, and abilities of the manpower that is already available in our services?

Given the scarcity and high rate of attrition among Category 1 and 2 personnel in the armed forces, how much funding is currently devoted to research which will lead to the better utilization of their abilities, skills, and knowledge of military personnel, and to new training technologies for personnel in categories 3 and 4?

Mr. Berteau. More efficient and effective use of Service personnel is certainly one of the most important methods of improving military readiness within the limits of current force structure. Several Research and Development (R&D) thrusts within DOD's Training and Personnel Systems Technology (TPST) Program directly support improved utilization of military manpower and personnel. In the fiscal year 1990/91 President's budget these components are funded in 6.2 and 6.3A budget categories at approximately $100 million. This level is about one-third of the total funding for the TPST program, and is about the same as fiscal year 1989. Approximately this same level of funding is expected to continue in the outyears.

Within this part of the TPST program, technologies are being developed to provide integrated databases, algorithms and analytic techniques, and applications software and methods for (1) aptitude and qualification assessment techniques, (2) job and mission requirement specification methods, (3) accession, classification and assignment procedures, (4) performance measurement techniques, and (5) personnel utilization and retention models.

Specific programs aimed at technologies for improving the utilization of Service personnel include (a) the Army's development of performance-based selection and classification instruments to determine soldier quality requirements and to improve the prediction of performance, (b) the Navy's instructional productivity program to determine the most effective technologies for classroom and on-site training, and (c) the Air Force's personnel assessment system that is focused on relating standards to job requirements. Major R&D efforts in all Services are aimed at the development of technologies to improve further the integration of manpower, personnel, training, safety, human factors engineering, and health hazard prevention factors in system acquisition in accordance with DOD Directive 5000.53 (December 30, 1988). The entire TPST program is aimed at supporting the Services' investment in a quality force by providing the technology-base and advanced technology development foundations for improving the efficiency and effectiveness of the Service members and units. All of these efforts consider the probable distribution of Service members among the various mental categories.

ARMY LEADERSHIP TRAINING

Senator GORTON. The military services continually express a strong and growing need for improved leadership and management, including the concept of Total Quality Management (TQM). At the same time, 6 and 6-2 funding of basic research on leadership and organizational management has been sharply reduced or abandoned by the Office of Naval Research and Office of Naval Technology, as well as the Air Force Office of Scientific Research, and reduced for the Army Research Institute for the Social and Behavioral Sciences.

The military services are spending a large amount of money for leadership training, in many cases based on programs which may sound plausible but have never been adequately tested and properly evaluated in the US or the US military context.

What specific military leadership training programs are currently in use in our armed services?

ARMY

General ONO. Army leader development is a program of progressive and sequential training designed to produce tactically and technically competent leaders with confidence in themselves and the confidence of their surbordinates. It is based on a foundation of three training pillars—self-study, operational experience, and institutional training.

For officer personnel, development actually begins before entry on active duty through a process known as precommissioning training. For enlisted soldiers, leader development commences at induction.

During the initial years of Army service, all personnel participate in standardized programs of developmental training. Progressive/sequential opportunities are provided in terms of both institutional training and operational experience. Self-study, of course, is an ongoing aspect of the program.

As individuals mature over the years in their role as Army leaders, development opportunities available through institutional training and, in some cases, operational assignments, become increasingly selective. All soldiers, however, continue to be encouraged to enhance their proficiency as a leader by pursuing individual self-study at every stage of their career.

This means the typical noncommissioned officer will spend a total of about one year of a twenty year career as a student at institutional training.

The typical officer—through the grade of captain—will spend about 1 year of his initial 10 years of service in developmental schooling. During the second 10 year service increment, about half of the officers will attend 1 year of training in-residence at a command and general staff college facility. By the 25th year of commissioned service, about thirty percent of our senior lieutenant colonels or colonels will attend one year of schooling at a senior service college or equivalent.

NAVY

Admiral BOORDA. Military leadership programs exist at a variety of training and education institutions throughout the Navy, and have multiple sponsors. The largest and most comprehensive program is the Navy Leadership and Management Education and Training Program (LMET) that consists of more than 15 courses designed for specific needs of individual positions (Leading Petty Officer E–6, Chief Petty Officer E–7, Division Officer and Department Head) and specialty courses that are community specific (Supply Corps, Medical Corps, etc.). Additionally, there is one senior officer leadership seminar that is designed for commanding officers and executive officers. Other leadership training programs include command sponsored activities and courses, including petty officer indoctrination for new petty officers (E–4); leadership training for officer candidates, leadership at the Naval War College and National Defense University; and a variety of command funded civilian leadership and management programs that are available from the civilian community.

MARINE CORPS

General Hudson. The primary goal of Marine Corps leadership is to develop the leadership qualities of Marines to enable them to assume progressively greater responsibilities in the Marine Corps and society. To that end, the Marine Corps has conducted a comprehensive overhaul of the way we train our enlisted Marines to lead in combat. Small unit leadership wins battles. Marine Battle Skills Training is the single most important training program in the Marine Corps today. The program is organized into four progressive, mutually supporting stages which cover the entire spectrum of essential combat leadership training for Marines throughout their careers.

Leadership begins by mastering the *basics*. Basic Warrior Training teaches every entry level Marine (male/female) the basic combat infantry skills—with extensive firing of individual and crew-served weapons, participation in rugged battle drills, and combat-oriented physical conditioning. Upon graduation from Basic Warrior Training, all Marine infantrymen remain at the School of Infantry for a demanding one month follow-on course (Marine Combat Training) that enhances their warrior skills and qualifies them as basic commandos, ready to lead fellow Marines into combat. Women Marines are trained in all stages of BWT and MCT with the exception of those tasks directly related to offensive combat operations and prohibited by law.

The third stage is Marine Leadership Training, basic and advanced levels. Additional combat skills are taught to all Corporals and Sergeants in our Noncommissioned Officer Schools located at 18 sites throughout the Marine Corps. NCO training concentrates on the traditions that leaders take care of their marines before taking care of themselves, that they know their marines and their problems, and provide the guidance and assistance needed to help solve their problems. This level is for all marines.

The advanced level of Marine Leadership Training focuses on Staff Sergeants through Sergeant Major. Our three SNCO academies build on combat leadership skills developed in the first three stages of training and developed by years of experience and practical application. The course concentrates on the relationship of leader of follower—the spirit of comradeship and brotherhood in arms and the relationship of teacher and scholar instead of superior and inferior or master and servant. The focus is on developing the qualities of industry, energy, initiative, determination, enthusiasm, fairness, kindness, justices, self-control, unselfishness, honor and courage.

The focus for officers is combat leadership and the maintenance of combat skills which follows our officers throughout their careers. Officer programs correspond to the same levels of leadership as the enlisted for the first three stages of training. Basic School, Infantry Officers Course, Career level courses, intermediate courses, and top level courses develop combat leadership skills to enable officers to conduct leadership training and develop leaders within their units.

The last stage of Marine Battle Skills Training is Unit Sustainment Training. NCO's SNCO's and Officers are expected to fully participate in training their Marines for the rigors of war. In this training, the foundation of combat leadership skills forged in Marines in the first three stages are honed to a razor's edge. Marines are taught to step-up into leadership positions when their commanders become casualties of war or training.

AIR FORCE

General Hickey. The Air Force provides leadership training/education primarily through officer and noncommissioned officer (NCO) professional military education programs, and also the officer precommissioning programs. Specifically, Squadron Officer School, Air Command and Staff College, and Air War College for officers; Leadership Schools, Academies, and the Senior Academy for NCOs; and the Air

Force Academy, Officer Training School, and Reserve Officer Training Corps for precommissioning programs.

PROGRAM EVALUATION

Senator GORTON. How has each of these specific programs been evaluated by sound scientific methods to determine its effectiveness for improving the performance of officers and NCO's in their assigned tasks?

ARMY

General ONO. Assessment, evaluation, and feedback are integral components in the Army system of curriculum development. Agencies performing these important functions include the Army Research Institute, Walter Reed Army Institute of Research, the Center for Army Leadership, and the Center for Army Lessons Learned. Their responsibilities encompass evaluation of field experiences of Army leaders as well as review of classroom curriculum for our various leader development institutions.

Additionally, a special effort in this regard was initiated in 1987 by the Chief of Staff, Army—General Carl E. Vuono—who tasked the Deputy Commandant, U.S. Army Command and General Staff College, to (1) assess the state of leader development in the Army and (2) determine adjustments necessary to ensure developmental programs were adequate to produce the type of leaders needed 10–15 years in the future. This tasking initiated an extensive and ongoing assessment of leader development programs throughout the Total Army to include active, reserve, and civilian components.

The initial review—officer leader development—was completed in 1988. It resulted in a comprehensive strategy referred to as the Leader Development Action Plan (LDAP). The plan contained 52 initiatives designed to enhance development of officer leaders over the long term. Inherent in the plan was a mechanism to accommodate and reflect the effect of change on leader development needs and programs.

The review confirmed that leaders, in fact, can be developed and the best way to do this is through progressive and sequential training and experience. This involves all aspects of a leader's education, training, assignments, and assessment.

Using the methodology and lessons learned from the officer study, subsequent reviews of leader development programs for our noncommissioned officers and civilians were initiated. These studies are now in the final stages of completion with decision briefings to the Chief of Staff, Army, projected for the coming month.

The ultimate objective of the review was to ensure the Army had in place an effective leader development process capable of producing competent leaders who understand and can exploit the full potential of AirLand Battle doctrine.

NAVY

Admiral BOORDA. Of the programs just identified, the Navy LMET program has been evaluated from four perspectives. First, the courses developed for LMET are researched based using the Competency Based Method for identifying leadership skills and behaviors (competencies) which superior performers, at each major accession level, exhibit more often, in more situations, and with better results than average performers. Training scenarios are developed which support those competencies in an operating-like environment. Curriculum development, management development, human factors and human resource development professionals are used in all cases throughout this process. Second, the LMET program sponsor periodically conducts a comprehensive, scientific review (use of research methods) of specific courses. The most recent has been an internal review (USN Tech Report 88–804) of the Navy Leading Petty Officer Course. Third, each leadership program is constantly critiqued by attendees and recommendations for change are implemented bi-annually. And, finally, the program sponsor periodically conducts a comprehensive (non-scientific) review of all leadership training following major manpower incidents (such as shipboard or aircraft) in which leadership is identified as a contributing factor. A recent scientific evaluation was completed on the Medical Community's leadership courses. It found a significant difference in performance marks existing in favor of those who had received leadership training in comparison with those who had not. A continual demand for expansion of our leadership training program by Navy's enlisted and operational leaders provides visible evidence of its value to the fleet. Our fleet CINC's repeatedly ask for increased availability of this training based on favorable feedback from subordinate commanders. These indicators and studies continually reinforce the needs for these ongoing leadership training programs.

MARINE CORPS

General Hudson. Professional Military Education complements formal and informal programs of leadership training at all levels. Resident and non-resident courses for Corporal through Colonel provide a progression of education through professional reading, seminars, and structured self-study.

A synopsis of the subjects we utilize at all levels and forums of leadership training are compiled in our publication called User's Guide to Marine Corps Leadership (NAVMC 2767). This guide provides commanders a fundamental leadership tool with which they can plan, develop, conduct, and evaluate the units ongoing leadership program. Also MCO 5390.2, Leadership Training provides specific direction for the conduct of leadership training in the Marine Corps.

Our training program of MBST is one of those new ideas you get from looking at old ways of doing business. Our Corps used to train leaders this way and profited from it beyond measure. While this program hasn't been scientifically tested, it has been tested in the ultimate lab—the battlefield in war. In peace time, the Marine Corps subjectively evaluates non-commissioned officers and above annually on demonstrated leadership through our Performance Evaluation System. The fitness report provides a word picture and evaluation of individual performance and potential. This evaluation system has been in existence for almost four decades and has served the Marine Corps well in selecting the best qualified to lead in war.

AIR FORCE

General Hickey. All of the Air Force leadership training/education curricula are the product of a continuous review process based upon the Instructional Systems Development (ISD) approach. This five step process involves instructors, curriculum developers, independent researchers, and evaluators from both the military and civilian academic environments. The five steps include system analysis, instructional requirements definition, tests and objectives development, instruction development and validation, and evaluation.

Curricular evaluations are accomplished through both formal and informal channels. Formal evaluations occur by means of student/instructor surveys, graduate surveys, and supervisory surveys while informal evaluations occur through feedback from review boards, Board of Visitors, host organizations, IG functions, and accreditation agencies. These evaluations help to determine the effectiveness of the instruction in preparing members to better perform their jobs.

Specific assistance in the evaluation process is provided by the Air Force Occupational Measurement Center, the Air Force Human Resources Laboratory, the Air Force Academy's Deputy Commandant for Military Instruction and the Department of Behavioral Sciences and Leadership, and the Air University's Curriculum and Research Directorate.

MILITARY LEADERSHIP TRAINING FOR WOMEN AND MINORITIES

Senator Gorton. How effective is each of these programs in preparing women and members of minority groups for higher leadership jobs in the service?

ARMY

General Ono. The Army program of sequential and progressive leader development encompasses our entire population. Accordingly, all members of the Army community are afforded equal opportunity to prepare and compete for positions of higher leadership. This is the case regardless of sex, race, and religious or ethnic background.

NAVY

Admiral Boorda. We conduct all of our leadership training on the basis of traditions, values and professionalism expected of all Navy officers, chiefs and sailors. Leadership training is provided from service entry to senior officer levels as a fundamental component of successful mission accomplishment and is neither gender nor ethnic specific. We do, however, ensure that courses are sensitive to the particular needs of all the groups in our very diverse society, not just ethnic, minorities and women. Specific courses content geared to minorities or women would be counter-productive when the final product needed is personnel well versed in the basic tenents of leadership. All members are provided the basics of leadership within which they may develop their individual style.

MARINE CORPS

General HUDSON. These programs have been extremely successful in preparing all Marines for leadership at all levels. These programs promote the concept of personal development, teamwork, and mission accomplishment. All Marines, as they progress in grade, are prepared to assume assignments of increasing difficulty and greater responsibility.

AIR FORCE

General HICKEY. In view of the fact that women and minorities must assume leadership roles in the Air Force for all situations, we make no distinction between the evaluation of leadership development for these groups and other individuals. We provide the same leadership education and training to all Air Force members, making no distinctions for race or sex. We would assume our formal programs are neither more nor less effective for women and minorities; each member should be able to gain insight into leadership issues according to individual abilities. However, there are factors in leadership training/education that have a positive impact on women and minorities as well as the Air Force overall. In each of our programs, the skills of working with various people, building a team, and being conscious of differences in personality are stressed as essential in effective leadership. For example, all phases of Air Force PME have blocks of instruction dedicated to equal opportunity and positive human relations. This sends a signal to women and minorities that this issue is being addressed, and helps set a tone for the reinforcement of Air Force policies in this area.

In addition, new policies have increased the opportunity for women and minorities (and all Air Force members) to attend our initial or primary level of PME. Based on our recently completed review of officer professional development, the Air Force has moved to provide a 100 percent resident attendance opportunity rate to Squadron Officer School for all line officers. This will help ensure greater parity in terms of obtaining the education necessary to assume higher leadership positions in the Air Force.

WEST POINT ACADEMIC TRACKS

Senator GORTON. There are two major tracks in the West Point Military Academy Program. One concentrates on Mathematics, Science, and Engineering (MSE), the other on Humanities and Social Sciences (HSS). My question is, how many majors graduating in each of these tracks are promoted after 5 years, how many are given special awards, how many remain in service? How many of our battalion commanders who graduated from West Point took the MSE track, how many took the HSS track?

General ONO. The numbers by class and track of West Point graduates recently selected for promotion to captain are as follows:

Class	Track	Considered	Selected	Rate (percent)
84	MSE	434	399	91.9
	HSS	430	402	93.5
85	MSE	550	482	87.6
	HSS	447	384	85.9

The numbers by track of West Point graduates who have received the MacArthur Leadership Award for demonstrating excellence in leadership are 5 MSE and 5 HSS.

The numbers by class and track of West Point graduates who have remained in service as of February 1989 are as follows:

Class	Track	Graduated	Remained	Rate (percent)
82	MSE	433	277	63.9
	HSS	460	289	62.8

Class	Track	Graduated	Remained	Rate (percent)
83	MSE	461	306	66.4
	HSS	426	290	68.1
84	MSE	499	399	79.9
	HSS	474	387	81.6
85	MSE	582	526	90.4
	HSS	474	445	93.9

Information is not available for the number of battalion commanders who have graduated from West Point in the two tracks. Battalion command selectees include members of the Class of 1974 or earlier classes, yet a system of academic tracks was not in place before the Class of 1976.

UP OR OUT PROMOTION POLICY

Senator GORTON. The present regulations force highly competent personnel out of their jobs at a very high cost of initial recruiting, selection, and training. In such other armed services as the Canadian, British, or Soviet forces, many officers retire honorably after highly satisfactory service as captains or majors, or even lieutenants. It has been suggested that this practice of separating officers who cannot be promoted is wasteful of personnel and not in the best interests of effective military preparedness.

a. What is the relative number of officers who would wish to stay in their present assignments even if they were told that they are not promotable?

b. What is the proportion of officers in various job classifications who are performing well in their present assignment but have to be separated from the services because they are not promotable?

c. What is the proportion of these officers who would wish to remain in the service?

Mr. BERTEAU. The question is not so much whether officers who are not promotable want to stay, or would stay, in the service. We could design a personnel management system that would encourage and motivate officers to serve longer, even if they were not promoted. Rather, the key question is: Would this type of system be in the best interest of National Defense and effective military preparedness? History and evolutionary development of our current statutes and policies suggest that the answer is: No. Let me explain.

The "Up or Out" promotion policy was first instituted in 1916 and was codified in the Officer Personnel Act of 1947. The Defense Officer Personnel Management Act (DOPMA), enacted in 1980, reaffirmed and simplified the "Up or Out" statutes with one set of provisions. These statutes are an integral part of the officer management system designed to maintain an officer corps with the proper level of experience and maturity within a fixed end-strength, while offering officers reasonable career expectations. The current officer management system has evolved over time to overcome the painful lessons chronicled in American military history, when military leaders were labeled unprepared, unfit, and unwilling to assume their designated leadership roles due to excessive tenure and attendant promotion stagnation.

Coupled with other loss management tools (i.e., statutory retirement, selective early retirement, resignations, etc.), the "Up or Out" policy provides controls that can be used to shape the force and enable a continuous flow of young officers into the Armed Forces. It also ensures that the best qualified officers are given the opportunity for challenging leadership positions, thereby enhancing the morale and retention of the entire officer corps.

The officer management statutes and policies are not absolute and do provide the flexibility necessary to deal with problems in specific communities of officers. For example, while the "Up or Out" statutes do apply to health care professionals, management actions can and are taken to minimize the numbers that are involuntarily separated when shortages exist. These include continuing officers who are passed over for promotion and increasing promotion opportunity.

Let me also clarify possible misperceptions about the statutes and regulations relating to separations of officers who are not promoted. Promotion to first lieutenant/Navy lieutenant (junior grade) is automatic on a "fully qualified" basis. Statutorily, the only officers who must separate immediately for twice failing to select for promotion, are first lieutenants and Navy lieutenants (junior grade). With an average promotion opportunity of over 95 percent, the numbers in this category are minimal. Admittedly, the current high retention rates have caused these numbers to increase in some Services, but those performing satisfactorily are encouraged to join the guard/reserve forces, an integral part of our total military force.

In the field grades, captains/Navy lieutenants twice failing selection to major/Navy lieutenant commander may be continued through 20 years of active commissioned service based on the needs of the Service. In 1988, 1,191 line officers were in this category and 62 were offered continuation; only 29 accepted. Again, the officers performing satisfactorily are encouraged to join the guard/reserves. By contrast, less than 20 physicians twice failed promotion in 1988, primarily because their promotion opportunity is much higher and the needs of the Services greater. Only 3 qualified physicians were involuntarily separated.

Majors/Navy lieutenant commanders twice failing selection may be continued through 24 years of service by statute. In accordance with the intent of DOPMA, however, these officers are continued to 20 years by policy, if they have 14 or more years of service when not selected for the second time. In 1988, all of the 742 line officers in this category were selected for continuation and approximately 98 percent were retained.

Lieutenant colonels/Navy commanders twice failing selection are statutorily allowed 28 years of service, unless they are selected for early retirement by a statutory selection board.

Colonels/Navy Captains are permitted 30 years of service, but are eligible for selective early retirement after 4 years in grade if not selected for flag/general promotion.

Until it became necessary due to the legislated officer reductions in 1987 and 1988, the Department has never used the selective early retirement provisions.

In summary, the Department needs a management system that maintains a highly qualified corps of combat leaders, both in the present and for the future. We believe the current competitive system meets that need and provides the flexibility needed to respond to fiscal constraints. As always, the Department will continue to improve that system and continue past practices of maximizing personnel readiness, while minimizing the impact on individual officers.

Senator Gorton. U.S. Army officers, on the average, spend one fourth of their duty time in various service schools and or various universities and colleges. As far as I can determine, it is not clear that these educational programs substantially increase the fighting power of the United States. In fact, some analysts argue quite convincingly, and present evidence, that the engineering, mathematics, and scientific curricula do not make men into better combat leaders, and that they increase the rate of attrition in the military services. Thus, officers who go to graduate schools find attractive alternative employment outside the military service and develop attitudes that increase the attractiveness of resigning.

Have methodologically sound studies conducted, and if so, by whom, to determine the cost effectiveness of the various military and civilian school programs for developing (a) effective fighting men, (b) administrative personnel and (c) support personnel?

Do these studies compare the effectiveness of these categories of officers and enlisted men who have, and who have not attended various service and civilian schools?

If studies have been conducted, what are the results of these inquiries, and how has the Department of Defense implemented them?

Mr. Berteau. No specific study of the type you describe has been conducted that I am aware of, however, there is no shortage of studies and efforts to evaluate the efficacy of graduate and professional military education and training. In the case of graduate education specifically, the Services routinely validate the requirements for Master's level education by position. The intent of graduate education and, for that matter professional military education is to enhance the intellectual capacity of the force to operate technical systems and complex forces effectively. Personnel afforded graduate level education incur a service obligation of three years for the first year of a Masters degree program, and a one-for-one service obligation for any time thereafter, so we do not suffer significant attrition of graduate educated officers; in fact, we tend to retain them for full careers. There are a number of studies that have been conducted concerning professional military education, focusing on the command and staff colleges and Service War colleges. Most notable among these are the report of the Dougherty Board in 1986 and the recently released Report of the Panel on Military Education (Skelton Panel). The latter contained 93 recommendations which concern joint, strategic, and general military educational issues for the Services, the Joint Staff, and the Office of the Secretary of Defense. All are working now on review and implementation of these recommendations.

There is no categorization of education and training to produce "fighting men, administrative personnel, and support personnel." Education and training enhance all of these and more, and broadly support an effective fighting force in peace and war. We have no evidence that technical education in the scientific and engineering fields detracts from combat ability, and hold the opposite to be true; without technical understanding of our weapons systems, weapons employment is degraded. We believe we operate an efficient and economical education and training system. We would like to do more, if possible. There is always room for improvement, and that is one reason we continuously upgrade and modify all our curricula.

[Whereupon, at 4:45 p.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1990 AND 1991

MONDAY, JUNE 5, 1989

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

THE MILITARY MEDICAL SYSTEM

The subcommittee met in open session, at 2:07 p.m., Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn and Wilson.

Professional staff members present: Frederick F.Y. Pang and Patricia L. Watson.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel and George K. Johnson, Jr., professional staff member.

Staff assistant present: Debra A. Rice.

Committee members' assistants present: Phillip P. Upschulte, assistant to Senator Glenn; Dudley L. Carlson, assistant to Senator Wilson; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. Good afternoon. The Subcommittee on Manpower and Personnel meets this afternoon to review the medical programs in context of the amended Defense Authorization bill for fiscal years 1990 and 1991. Our hearing will focus on health care professionals, initiatives to reduce wartime medical staffing shortfalls and initiatives to improve peacetime health care delivery in the Department of Defense.

Providing health care services is not an easy task. The problems are nationwide. They are not isolated just to the Department of Defense, and increasing demands for nurses, rising insurance rates, technological advances requiring greater investment and more skilled personnel, priority of care delivery issues all are difficult to deal with.

In addition, the growing number of beneficiaries cared for by the military medical care system, especially in a tight budget environment and at a time when medical costs nationwide continue to escalate, is causing a very serious situation.

As I have said many times, wartime medical readiness is the primary mission of our military medical system. We must continue to work to correct the shortfalls in the Reserve components which threaten our forces in combat capability in wartime.

We have addressed some of these Reserve issues during the joint subcommittee hearing on Reserve mix on May 16. We will address them further at the Reserve budget overview on June 9. Today, however, we will address the role of health affairs in dealing with this issue which threatens our wartime medical capability.

Congress continues to work with DOD to try to provide the necessary tools to overcome wartime medical shortfalls. A Selected Reserve bonus program extended loan repayment and stipend programs and expanded accession and retirement ages are examples of authorities provided recently to reduce critical wartime shortages.

In addition to the actions the Congress took last year to address Reserve shortfalls, Congress required the Secretary of Defense to furnish a report and a long-term legislative proposal on the Department's overall requirement for health care professionals and the adequacy of the current health professional compensation system.

I viewed this requirement as an opportunity for the Department of Defense to define the problem, to develop a long-term plan to correct the problem and to seek support for resourcing such a plan.

Now, I cannot say I am too happy about the results because instead of that happening, another year has passed with precious little accomplished in many areas. As far as I am aware, and I would be happy to be corrected if I am wrong, the Reserves' shortfalls are still significant. They have not changed dramatically. There is internal disagreement within DOD itself over appropriate modifications to the existing medical pay plan.

There is no agreement within DOD on a comprehensive approach to dealing with the nursing situation. The CHAMPUS Reform Initiative has been scaled back substantially and is on shaky ground at best.

The direction in which the entire system is going is therefore not clear at all. The congressionally mandated report on health professionals' compensation was submitted by the December 1, 1988, deadline, but this report only provided information on physicians' salaries.

The December 1 study lacks sufficient analytic supporting material to be helpful in the committee's review of this issue.

Additionally, I believe that the term health care professionals should include groups of providers beyond physicians. One of the biggest concerns expressed during numerous visits with military physicians over the past 2 years is the insufficient number of nurses, technicians, therapists, and ancillary support staff. What impression does their exclusion from this report send to the men and women providing these services for our military forces today?

I also understand that there were inconsistencies between the original implementation plan for the temporary fiscal year 1989 military physician bonus plan. Several categories of physicians were included when the initial report was provided and later excluded and upon further deliberation reincluded.

DOD can make whatever case it chooses for inclusion or exclusion in a report to Congress, but the mixed signals that are being sent to our military medical community and at a time when morale is certainly low enough is unfortunate.

The Department of Defense needs to exercise leadership and promote professionalism of military medical service instead of creating public confusion over the relative values of various specialists.

In order for the subcommittee to accurately assess and consider legislative proposals designed to overcome problems in the military medical care system, I wrote to Secretary Cheney requesting specific data from the Defense Manpower Data Center on numbers of health care providers and beneficiaries. To date I have not received any response to that letter. I know he is busy, but I hope that health affairs is working with the Defense Manpower Data Center on this request.

I believe that this information will be helpful not only to the Congress but to DOD in its review of problems in this area.

You mentioned in your prepared remarks, Mr. Newhall, requirements and retention data have been inconsistent and incomplete. I am glad you plan to focus on these shortcomings.

Just a little over a year ago at the Manpower and Personnel Subcommittee hearing on the military medical system in a review of last year's Defense Authorization bill I raised the question of where do we stand in terms of the effectiveness of military medical care. That question of last year has not yet been answered.

My impression is that the situation has not improved much over the course of this past year. Nurse shortages seem to be more severe. Hospital services appear to be fewer, and we seem to be relying more heavily on CHAMPUS.

Congressional concern over this situation seems to have been largely overlooked. Legislative requirements for reports describing this situation have not been submitted or seem not to answer the questions raised.

While a number of accomplishments have been made in containing cost in the provision of care outside the direct care system and a number of initiatives are being pursued to provide care through arrangements with the civilian community, problems in the direct care system have been largely ignored.

Yet, it is the direct care system and the health care professionals in it that we would rely on in wartime.

I know that the problems in the direct care system are difficult and cannot be solved overnight, but the fact remains that the system is in dire need of a comprehensive get well plan of its own, and I do not believe that one exists. I hope I am wrong, but I am not confident that that is the case.

I hope the letter I wrote to Secretary Cheney will provide a basis for developing a plan to overcome the difficulties in this area. As I pointed out, we need to start out by defining a common data base that compares apples to apples.

We must have a clear understanding of the size and shape of the beneficiary population and their relationship to available health care resources. We must have a clear understanding of our wartime and peacetime medical requirements defined by skill and specialty and the relationship of these requirements to actual resourcing. And unless we do this first, we will have no definitive way of matching demand and supply.

So, I look forward to the testimony of our witnesses on this and other issues I have raised. I am sorry this has to be sort of a negative start to today's efforts, but I think at least from our side of the river it is a very realistic approach. It is not right to sweep this situation under the rug. We have talked about it for enough years now and it is time we got going on it.

Senator McCain was planning to be here today. I understand that he is on his way back into town now and will join us later. If he is not able to join us we will have his remarks printed in the record, if he so wishes.

[The prepared statement of Senator McCain follows:]

Prepared Statement by Senator John McCain

Mr. Chairman: I want to join you in welcoming our witnesses today. I regret that I could not be here at the beginning of the hearing. You have been the strongest advocate of increased medical readiness that I know of in the Congress. You deserve a great deal of credit for the role you have played.

Personally, I feel that the Department of Defense has moved too slowly in the area of medical readiness. If the United States had similar shortages of trained pilots, crew chiefs, and maintenance personnel that we have in health care providers and support staff, then our Nation would indeed be a paper tiger. Yet, we seem to expect a great deal more of our health care provides than we do of pilots. The logic escapes me.

Mr. Chairman, I am convinced that we could save millions of dollars in health care costs if we provided more health care "in house," not to mention the increase in our war time readiness.

I would like to compliment the Department of Defense on its gains in quality assurance improvements, and I look forward with interest to reviewing the article from the AMA Journal concerning DOD quality assurance efforts.

Also, Mr. Chairman, I am concerned about the Department of Defense's report on Medical Officer Retention Bonuses (MORB). I understand Mr. Newhall's explanation in his prepared statement that sufficient data on Groups VI and VII was unavailable in January of this year, but I do not believe that is the whole answer. The reason I am concerned is that the indecision or lack of information about health care seems to recur each year. It seems that we are continually trying to assess the problem rather than attack the problem. For one, I am tired of this approach. I would like to see a comprehensive proposal that crosses the entire health care spectrum.

Mr. Chairman, I will not take up the subcommittee's time any further today, but I do hope that we can make some better progress than we have to date on resolving the problem.

Senator Glenn. I wish to welcome our witnesses appearing before the subcommittee this afternoon, Mr. David Newhall, Acting Assistant Secretary of Defense for Health Affairs, Lt. Gen. Frank Ledford, Jr., Surgeon General of the Army, Vice Adm. Jim Zimble, Surgeon General of the Navy, Lt. Gen. Monte Miller, Surgeon General of the Air Force, and Mr. David Baine, Director of Federal Health Care Delivery Issues of the General Accounting Office.

Gentlemen, I believe you have submitted written statements for the record which we will include in their entirety at this time. I would also like to ask our witnesses to briefly summarize their statements before we turn to questioning. And when we are finished with our DOD witnesses, we will then turn to Mr. Baine of the General Accounting Office for his testimony on the CHAMPUS Reform Initiative.

Gentlemen, I welcome you today and, as I say, I do not like to start off on such a negative note. But, we have been talking about these things for several years, and we do not really even have a plan in place yet as to how it is all going to work out. So, that is the problem.

Mr. Newhall, will you lead off, please.

STATEMENT OF DAVID NEWHALL III, ACTING ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

Mr. **Newhall**. Thank you, Mr. Chairman. I hope that in my remarks and in answering your questions I can allay some of the concerns you have voiced. No one in the Congress is more entitled to the kind of opening remarks which you have just delivered.

You have been the most ardent supporter of the military health care system for the 4 years I have been in the Department, and I am sorry to find myself sitting here knowing full well that we still have problems. I understand the tone of your remarks, Mr. Chairman.

We have made substantial progress in curing the readiness problem that we faced 5 years ago. Public confidence in the quality of military health care has been restored, and we have wrestled with and won the battle against out of control costs in the CHAMPUS program, driving cost growth annual rate down from 25 percent to 6 percent.

The CHAMPUS Reform Initiative couples managed care activities with substantial benefit improvement under a contract, placing the contractor financially at risk in California and Hawaii. The CRI contract covers approximately 850,000 CHAMPUS beneficiaries and is projected to cost $500 million annually, a 10-percent savings from what CHAMPUS would have cost without CRI.

Beneficiary satisfaction is high. Services to our people are dramatically improved. Health care finders are assisting in locating the most appropriate sources of care for the specific needs of individual beneficiaries.

CHAMPUS Prime offers preventive services and at a considerably lower cost share for health care than standard CHAMPUS. Over 38,000 beneficiaries have enrolled voluntarily, a rate considerably above our expectations for this point in time.

The RAND Corporation's most recent findings suggest that CHAMPUS Prime is not increasing utilization by populations which did not use the system before. In other words, the "ghosts" do not seem to be the problem that we all feared they might be. With the good news of enhanced health care services provided by CHAMPUS reform also came some bad news. We had seriously deficient claims payment practices with both Blue Cross of Washington and Alaska, the processor of Standard CHAMPUS for those of our beneficiaries—that is the majority—who chose not to use the managed care part of the experiment and Foundation Health Corporation, which was processing the claims for the managed care side.

Blue Cross's problems are solved. They process close to 22,000 claims per week. They have processed 95 percent of their incoming claims, and they now exceed the time limit standards set forth in the contract.

Foundation Health Corporation contracted late in January with Electronic Data Systems to fulfill the managed care claims function. EDS started entering claims in its computer on April 17, the date that they said they would. They are currently processing 26,000 claims a week.

Had I appeared a month ago, Mr. Chairman, I would have said that we expected them to be totally out of the woods by the end of this month. I now would have to revise that but say with confidence that at the very latest the end of July. We have absolute confidence that the managed care portion will be up to standard by that time. In other words, the claims processing problem is going away. A good chunk of it has already gone away.

Overall, 80 percent of claims received have been processed, and the claims processing delays do not appear to have impaired delivery of service.

Newly available data indicate that CHAMPUS Reform Initiative has cost us less than CHAMPUS would have cost if CRI had not been initiated, a very significant development.

Several estimates validated by nationally reknowned actuarial firms reflect a 7 percent savings for the first 6 months of activity; that is, the 6 months that began August of last summer. Actual final program costs will not be determined until the claims system is fully operational with all claims paid and audited by the Defense Contract Audit Agency, but we viewed Peat Marwick as our checker, and the contractor also has an accounting firm which has certified we are in agreement on what costs have been for that first period.

Mr. Chairman, there are increasing signs that the CHAMPUS Reform Initiative is, in fact, going to succeed in doing exactly what it was supposed to do for less cost than regular CHAMPUS.

With that summary of some key accomplishments, I turn to several areas of concern. Perhaps foremost are the very complicated and critical issues involved in gaining and retaining military health professionals in both the Active and the Reserve components.

The initial approach in designing the 1989 medical officer retention bonus or MORB was to array physician specialties into seven groups based upon wartime shortages and income disparity with their civilian counterparts. Groups 1 through 5 include specialties with the most critical wartime shortages, the widest military-civilian income disparity and the lowest retention rate. Groups 6 and 7, to which you referred, the two groups that have been in and out, include most primary care specialists who have less severe income disparities with the civilian sector and less severe retention problems and are more often identified with the peacetime health benefits mission, although they do indeed have a very important mission in time of war.

Response to the 1989 MORB has been very positive. Of roughly 4,500 eligible medical officers, one third have decided to accept one of the multi-year contract options. We expect substantially more acceptances. Particularly noteworthy is that 85 percent of those accepting the bonus have decided to commit to a 4-year contract in order to get a higher amount.

We initially estimated that only one sixth would be willing to sign a 4-year contract. The response so far shows that large numbers of physicians are willing to incur substantial additional obligations in return for financial incentives, though some, no doubt, would prefer the payments without the extended obligations.

Also quite significantly, many of those accepting are younger physicians. Sixty percent of all physicians accepting the 1989 bonus have 15 or less years of service. Thus, we do not think we are buying the people that we already had who are guaranteed to stay because of their career and pension.

It is even possible the 1989 bonus will prove so successful, Mr. Chairman, especially regarding the number of long-term and more expensive contract commitments, that we may have to come back and see if the Congress is willing to expand the $30 million authorization.

All services currently predict that they will overspend. That is their best prediction. The Air Force, I believe, has already obligated 90 percent of its share of the funds.

Our strategy on pay for 1990 and beyond, proposes to maintain the basic special pay structure of the 1980 authority and add enhancements to make our pay program competitive once again with the private sector.

The highest rates of increase are targeted to the specialties least competitive and having the most critical wartime shortages.

The targeting feature enhances the retainability of the critically short wartime specialities as a product of its comparability focus structure.

Under the multi-year incentive feature the maximum medical special pay or MSP designated for each specialty group would be provided for a 4-year contract; roughly 75 percent for a 3-year contract; 50 percent for 2 years, and one quarter of the amount for a 1-year contract.

The tables in my prepared testimony illustrate our proposals by specialty and planned amounts for a 4-year agreement compared with corresponding pay in the civilian sector for employed physicians.

The plan submitted to Congress last December 1 included enhancement to the existing additional special pay or ASP. We decided last week, Mr. Chairman, for the sake of simplicity to propose only the medical special pay increases for fiscal year 1990, but in amounts that would be the same as the previous combination of the medical special pay that we sent you and the additional special pay enhancement. In other words, we put all of the dollars together under one name.

I can understand why some might view the statistical detail in our report on physician compensation as lacking comprehensiveness compared with the aviator retention report. Deficiencies in firm requirements and retention data made it extremely difficult to provide comprehensive statistical detail on requirements and retention.

Documentation of retention problems was especially troublesome since declining retention of health professionals is a recently emerging situation. Mr. Chairman, I point out at this time that unlike virtually all of the other communities, the medical community does not have retention goals. We do not keep retention goals by physician specialty, by time and service or by grade, and I think that is one of the things that was, perhaps, most troublesome to those who looked at our input on December 1.

I suspect, based upon the reaction that we have had from you and from others, that we may be asked to keep retention goals for our physician community. It has not been done because, as you know, DOPMA excludes physicians coverage. The other communities go through it. DOPMA pretty well drives the keeping of retention goals.

Mr. Chairman, I cannot quarrel with criticisms that the study lacked comprehensiveness. We are going to make certain we do not find ourselves in such a position again and that we do not put this subcommittee in such a position in the future. We have undertaken a number of priority initiatives which I have listed in my prepared statement, to address the multiple issues influencing requirements and retention data for health care personnel.

I want to assure you, because I know this has been a matter of concern, that Force Management and Personnel and Health Affairs and Reserve Affairs are working together on this. There is no disagreement as to how to do a better job of pulling together the data in which you, in particular, have expressed interest.

I am sorry to learn that the Secretary's reply has not gotten to you. I can assure you that I know much of the data has already been gathered by the people in Force Management and Personnel. We have been working with them and as you know your staff has met with FM&P recently to discuss the schedule that this data would come in on.

A word now about the nurse study, if I might. We will be forwarding, Mr. Chairman, legislative proposals to provide for special pay for certified, registered nurse anesthetists and an accession bonus to aid recruiting of nurses.

Each Military Department also plans to demonstrate nontraditional recruitment approaches to supplement existing ones. They plan innovative programs designed to expand the pool of registered nurse potential applicants through modification of educational energy requirements.

I hope, Mr. Chairman, that we will be able to have before you the nurse report and the report that the Department completed with regard to other health providers within the next few weeks.

Those reports cleared the Department some time ago. It has been difficult this year as new personnel have been coming into agencies and departments all across town to get coordination as quickly as sometimes in the past.

I will say to you we will do everything possible to get those reports up here. I apologize for the fact that they have not come up until now, but I want to assure you and others that the Department did not look only at physicians. We looked at nurses and we looked at the other health providers, and I believe that my announcement a moment ago with regard to our plans on nurses is the first time that has been mentioned. We do have an official administration position.

Apart from the retention and compensation issues, we are continuing to give priority attention to increased staffing of Reserve components health care personnel as the primary way to reduce the critical wartime shortages.

I recall—I think it was 3 years ago, Mr. Chairman, your skepticism that the Department would succeed in solving its manpower shortfall problem in 20 percent increments over 5 years, and that skepticism was well-founded. We are no longer on that schedule.

We have seen significant growth since 1982, a 50-percent increase in staffing levels for Ready Reserve physicians and a 70-percent increase for nurses. Despite this progress, substantially more growth is necessary to reduce wartime shortfalls.

We also took measures to implement new legislative authorities regarding constructive service credits, appointment and retention ages, the combat casualty care course (C4 course) for reservists and health professionals' loan repayment and stipend programs.

I will turn now, Mr. Chairman, to our directions for the future and hope that what I am about to say may assure you that we have been giving considerable thought to just what it is we ought to be doing for the next year or two. What should our highest priorities be? Do we, in fact, have a plan of attack?

The answer, Mr. Chairman is, we do. The Department's goal is to improve the management of our health care operations, both the 30 percent that we purchase from the civilian sector through CHAMPUS and the 70 percent that we administer directly through our more than 500 facilities worldwide.

It is clear to me that our ability to compete successfully for more scarce resources in the future will be dependent upon our ability to predict resource needs and measure output on the quality and the accessibility of the health care we deliver and on the satisfaction of our patients in both the inpatient and outpatient arenas.

Each is better served by a reliable management system which accurately measures and rewards the work that we produce, coupled with cost and quality controls, and we had better be able to credibly articulate and justify our needs, or I think we shall be left with the short end of the stick.

While the Military Departments and our office have been working toward these goals, I feel an urgency for development of certain management reforms which current plans and programs did not contemplate; and I sensed that urgency a few moments ago from you, Mr. Chairman.

For example, our manpower standards need to shift to a diagnosis-based workload measure. Diagnosis-related groups need to be put together for resource allocation in the outpatient arena sooner than the Department had envisioned.

Our quality assurance programs must be refined for the outpatient settings as well as the inpatient arenas they now serve so well. Hospital commanders need new sources of information about patients who expect to receive care from their facilities and better management tools by which to administer money and staff resources.

I recently directed a reappraisal of the timeliness and capabilities of all of these key developmental activities and concluded we had to hasten achievement of our goals to jump-start needed management initiatives.

I decided on a program to improve the automation support included in the initial deployment of the Composite Health Care System in 14 hospitals and 51 associated clinics, beginning in August 1990.

Specifically building on the capability of the Composite Health Care System and the Defense Enrollment Eligibility Reporting System, or DEERS, these sites will become test beds for the demonstration of key tools in resource and quality control that have been our goal all along.

DRGs as the basis for allocation of both inpatient and outpatient resources, utilization review, uniform staffing standards that are diagnosis-based, optimal coordination of benefits with private insurers so that the Government can collect the money that it is owed, registration or enrollment of our beneficiary population in those locations and refinement of our quality assurance program in outpatient settings, are all elements of a comprehensive managed care system, which is the Department's goal.

We are anxious to learn how each can be used to document and improve the efficiency of our peacetime health care operations, and I want to know it sooner than our current plans allow.

I am equally determined to show that patients receive the highest quality of care possible, both in inpatient and outpatient settings, and that care is accessible to them. Thus, I have directed that the Comprehensive Health Care Management Demonstration project be initiated to tie together and focus all our recent management initiatives and put them to work in those 14 key sites throughout the world by September 1990.

Our understanding of how to better manage our peacetime health care operations will be greatly improved by this enhancement of existing plans and programs. I believe it will yield results quickly within our existing resources and point the way to future improvements in management, which will enhance the efficiency and cost-effectiveness of the military health care system as a whole.

We all know the dollars needed to support military medicine have become an increasingly visible part of the DOD budget—4 percent of the total DOD budget. Over the past few years the Department has concentrated the bulk of reform efforts on controlling CHAMPUS' previously spiraling cost escalation.

We have seen very real, quantifiable improvements for our management reform, medical readiness and quality assurance efforts. When appropriate, the Department has found better ways to do business with our civilian colleagues. We have influenced with a handful of broad strategies millions of people in a health care system which measures its spending in billions.

The areas of interest and approaches to which the Department subscribes offers, I believe, the best long-term survival prospects for the peacetime medical benefit. We expect continued improvement in our ability to document the cost-effectiveness among the various components of our improvement plans.

The sustained support of you, Mr. Chairman, and this subcommittee, its staff, year after year, has had a major and positive impact on the Military Health Services System. We look forward to continuing work closely with you as we push forward with these efforts to better our health care services. We understand fully we have a long way to go.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Newhall follows:]

STATEMENT

DAVID NEWHALL, III

ACTING
ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for this opportunity to discuss Department of Defense medical programs.

The Department's request approaches $13 billion for the military health care system. Our total health care mandate extends far beyond the 2.2 million active duty members who receive highest priority for care, consistent with our primary responsibility to meet their health care needs during peace and war, to an additional 7 million dependents of active duty, retirees and their dependents, and survivors.

My testimony covers three broad areas -- recent accomplishments, serious problems we still face, and our initiatives for the future.

THE ACCOMPLISHMENTS

We have made substantial progress in curing the readiness problems we faced five years ago. Similarly with quality of care, public confidence in military health care has been restored. And, we have wrestled with and won the battle against out-of-control costs in the CHAMPUS program, driving annual cost growth down from 25% to 6%.

Medical Readiness

Since 1981 DoD has dramatically corrected both sides of the medical readiness equation: procurement of wartime equipment and critically needed wartime personnel. Purchase of deployable medical assets, or DEPMEDS, had been put off for years, seriously undermining our medical readiness stance. Today, 75 percent of the minimal requirements for deployable equipment is either on hand or on order. It has been standardized, tested and readied for prepositioning in key areas throughout the world.

Although shortages of medical manpower remain one of our most pressing problems, we can point to an increase of close to 100 active duty physicians in the most critically short wartime specialties, up 11 percent since 1982. There has been a 50 percent growth in reserve physicians and 70 percent growth in nurses serving in the Ready Reserve since 1982.

Quality Assurance

The early 1980s was a period of repeated questions focusing on the quality of military medicine. No longer is that the case.

Since June, 1986, the Department has, under contract, conducted Civilian External Peer Review of military medical care. Medical care standards have been developed in close cooperation with the medical specialty societies and review of records where standards appear not to have been met is conducted by a panel of board-certified physician specialists. This program has confirmed that the quality of medical care in military hospitals is high, even when measured by explicit criteria against high risk, high volume medical and surgical events. A November article in the Journal of the American Medical Association reported that fewer than one percent of all reviewed cases to date fail to meet the established standards and criteria.

An editorial in the AMA Journal observed that "The approach used by the Department of Defense is likely to diffuse throughout the (civilian) medical care system because it has the potential to facilitate peer review that is more objective and cost effective." Mr. Chairman, if there is no objection, I would like to submit that article and editorial for inclusion in the record.

Our quality assurance efforts continue. We have refined and strengthened the ongoing assessment of provider performance by revising our credentials review and clinical privileging process. In addition, the Department was the first Federal agency to participate in the National Practitioner Data Bank. In fact, we have already begun to collect data even though the data bank is not yet operational.

CHAMPUS

Our strategy for improving CHAMPUS, the civilian component of the peacetime medical system, employs four approaches designed to improve services, strengthen quality, and reduce costs by: (1) conducting a variety of managed care demonstrations; (2) improving payment mechanisms; (3) investing in the direct care system; and, (4) improving budget procedures.

1. Managed Care Demonstrations

One major part of our CHAMPUS reform strategy involves a series of demonstrations that test new and innovative ways of providing medical care. At center stage are three alternative managed health care initiatives. Managed care has proven to be an effective method of achieving savings while offering easier access, enhanced benefits, more convenience and lower costs to our beneficiaries. All three demonstrations include an enrollment feature as part of an overall initiative to enhance our registration capabilities and quantify management responsibilities.

The CHAMPUS Reform Initiative (CRI) couples managed care activities with substantial benefit improvements under a contract that places the contractor financially at risk. In California and Hawaii, the CRI contract covers approximately 850,000 CHAMPUS beneficiaries and is projected to cost $500 million annually, a ten percent savings from what CHAMPUS would have cost without CRI.

We are sincerely grateful for this Subcommittee's interest and support. Beneficiary satisfaction is high. Services to our people are being improved dramatically. Health care finders are assisting in locating the most appropriate sources of care for the specific needs of individual beneficiaries. Our feedback is positive from both our beneficiaries and our hospital commanders on the success of this feature.

CHAMPUS Prime offers preventive services and a considerably lower cost-share for health care than under the Standard CHAMPUS program. To date, over 38,000 beneficiaries have enrolled, a rate considerably beyond expectations. The Rand Corporation's most recent findings suggest that Prime is not increasing utilization by populations which did not previously use the Military Health Services System, a concern we all shared going into this project. The "ghosts" do not seem to be the problem we feared they might be.

With the good news of enhanced health care services provided by CRI, also came some bad news. We had seriously deficient claims payment practices.

Both Blue Cross of Washington and Alaska (BCWA), the processor of Standard CHAMPUS claims, and Foundation Health Corporation, the processor of claims from members of the managed care provider network, encountered major claims processing problems. Consequently, the Department withheld over $75 million in payments.

BCWA's problems with claims are resolved. BCWA is processing 20 to 30 thousand claims per week and has processed 95 percent of their incoming claims to date. It now exceeds the contract requirements in volume and age of claims.

The processing of managed care claims has also improved. Foundation Health Corporation contracted in January with Electronic Data Systems (EDS) to fulfill the managed care claims functions. EDS started on schedule, and is currently processing 20,000 claims a week. The system appears stable and we project continued significant progress in claims processing. By no later than the end of next month, the claims processing timeliness standards will be met.

Overall, 80 percent of the claims received to date have been processed; the claims processing delays did not appear to impair delivery of services.

The Defense Contract Audit Agency (DCAA) has expressed concern about the financial stability of the prime contractor. DCAA recommended that Foundation Health Corporation submit a strategic financial plan for the government's assessment. That plan has been submitted, and the auditors are now thoroughly reviewing it and will advise the government prior to the next option period on whether it appears to be reasonable, and if adheared to, whether it will resolve the corporate financial stability problems.

Newly available data indicate CRI has cost us less than CHAMPUS would have cost if CRI had not been initiated, a very significant development. Several estimates that have been validated by nationally renowned accounting and actuarial firms reflect a 7 percent savings for the first six months. The actual program cost cannot be finally determined until the claims system is fully operational and the effects of paying all claims on the complex CRI contractual price adjustments are audited by the Defense Contract Audit Agency.

Mr. Chairman, the Department is heartened by the progress made within the last ninety days by the contractor and by increasing signs that the CHAMPUS Reform Initiative is going to succeed in doing exactly what it was supposed to do for less cost than regular CHAMPUS. We have submitted a new report to Congress on this Initiative which addresses these issues in more detail. I respectfully suggest it be made part of the hearing record together with a copy of the CHAMPUS Annual Report, if there is no objection.

The Department has conducted, and will continue to conduct, intensive financial, management and system reviews of the CRI contractor. This demonstration project is one of the Department's major initiatives to determine how the managed care delivery and financing of health care services can best help the military health care system and its beneficiaries. We believe that continuing results will show net positive effects of this dynamic reform initiative.

The Catchment Area Management (CAM) project places responsibility with the local military hospital commander for implementing managed care activities for CHAMPUS in the hospital's catchment area. Five project sites, now in various stages of implementation, will cover about 250,000 CHAMPUS beneficiaries. I believe the Surgeons General are prepared to provide additional details on each of the Services' projects.

The Fiscal Intermediary Preferred Provider Organization (FI-PPO) projects enhance current CHAMPUS Fiscal Intermediary contracts with new managed care responsibilities. One project is operating in Florida and Georgia, and covers approximately 500,000 CHAMPUS eligible beneficiaries. Initial results show substantial savings from negotiated provider discounts, utilization management, and beneficiary use of an optional managed care CHAMPUS plan. We are currently seeking proposals from other fiscal intermediaries to implement during this fiscal year.

All three of these managed care demonstrations are being evaluated by the Rand Corporation using a similar method for each to permit comparisons across projects of the key features of managed care being tested. We anticipate that there will emerge for proliferation a composite managed care model, pulling from each project its most advantageous features.

2. Payment Reforms

CHAMPUS has moved from paying for most inpatient hospital care on the basis of billed charges to paying on the basis of prospectively determined amounts, calculated largely on the basis of diagnosis related groups, or DRGs. We have also begun to contain the growth in individual provider payments by limiting annual increases to the rate of growth of the Medicare Economic Index (MEI). We favor continued application of the MEI to maintain these savings.

Through these changes, our program cost growth was shattered -- from 25 percent per year prior to 1987 to just 6 percent from 1987 to 1988, a rate slightly under the private sector health care cost growth. Patients have also benefited from substantially reduced cost-shares under our payment reforms.

As the essential companion to our payment reforms, we are pressing ahead with national coverage by a Peer Review Organization (PRO) Program. Working with some of the same PROs under contract to review the Medicare program, we are establishing an important program to assure the quality and appropriateness of care provided under CHAMPUS.

Our PRO program has the ambitious goal of eliminating from CHAMPUS reimbursement any medical care that falls short of appropriate standards for quality and necessity.

3. Investment in the Direct Care System

The Department has also pursued investment in the direct care system to improve the ability of military medical treatment facilities (MTFs) to provide care. In those cases when CHAMPUS is the more costly way to provide care, we can then reduce patient referrals from the MTF.

Project Restore has put in place flexible new authorities to help local medical program managers reverse shifts in workload from military hospitals and clinics to CHAMPUS. Such authorities include the Partnership Program and the Alternate Use Test. Both can provide additional resources to the MTF.

Restore is also the focal point for a broad array of Service management efficiency investments - each intended to enhance MTF services and restrain CHAMPUS costs. These projects include a wide range of contracting initiatives to enhance services provided in the military hospital setting. Use of the investment strategy is projected to cut over ten percent from what CHAMPUS would have cost without Project Restore. Taken as a whole, Project Restore has installed business arrangements to take advantage of the most effective way to provide care in the Military Health Services System with particular emphasis on inpatient services.

4. Budget Procedures

Historically, the Department's inability to budget accurately for CHAMPUS costs had resulted in severe turbulence in CHAMPUS claims processing and payments. DoD mounted an aggressive effort to improve forecasting of CHAMPUS costs through better definition of cost components, and refinements in our forecasting methodologies. The result is a big improvement in FY 1989. Two thirds of the way through this fiscal year, CHAMPUS spending is on track with our projections.

THE PROBLEMS

With that summary of some recent accomplishments, I turn to several areas of concern. Perhaps foremost are the very complicated and critical issues involved in gaining and retaining military health professionals in both the active and reserve components.

Retention and Compensation

Retention and compensation of active duty physicians and other health professionals are among the most pressing issues in military health care.

Medical Officer Retention Bonus (MORB)

As presented in our November 15 report to Congress, the initial approach in designing the MORB was to array physician specialties into seven groups based on wartime shortages and income disparity with their civilian counterparts. Groups 1 through 5 include specialties with the most critical wartime shortages, the widest military-civilian income disparity, and the lowest retention. Groups 6 and 7, which include most primary care specialists, have less severe income disparities and retention problems and are more often identified with the peacetime health benefits mission.

Review of additional data on retention and manning of Groups 6 and 7 specialists not available in January, and comprehensive analyses of that data, showed retention deficiencies which, although less severe than for Groups 1 through 5, indicated the most prudent course of action would be to include them in the 1989 MORB program. Accordingly, on March 24, 1989, Deputy Secretary Taft issued supplemental guidance adding Groups 6 and 7 specialties to MORB eligibility, and specifying payment amounts based on relative disparity with civilian income.

Response to the MORB has been very positive to date. Of the roughly 4,500 eligible medical officers, about one-third had decided to accept one of the multi-year contract options as of mid-May. We expect substantially more acceptances, particularly since Groups 6 and 7 specialties were just recently declared eligible. It is particularly noteworthy that nearly 85 percent of those accepting the MORB have decided to sign a four-year contract. We initially estimated that about one-half of those accepting the MORB would be unwilling to obligate themselves for more than two years, and that only one-sixth would be willing to sign a four-year contract. The response we are getting so far shows that large numbers of physicians are willing to incur substantial additional obligations in return for financial incentives, though some no doubt would prefer the payments without the extended obligations.

Also quite significantly, we are finding that many of those accepting are our younger physicians. As of mid-May, 60 percent of all physicians accepting the MORB have 15 or less years of service, particularly encouraging since the eligible population of younger physicians is quite narrowed by the statutory requirements of eight or more years of service and not more than two years of remaining service obligation. It is even possible that the MORB will prove so successful, especially regarding the number of long-term contract commitments, that we might have to ask Congress for an increase to the current $30 million MORB authorization ceiling in order to pay bonuses to all eligible physicians desiring to participate.

Physician Retention

The Department's study of physician retention, summarized in our December 1, 1988 report, produced strong evidence of an emerging retention problem of serious proportions. While not yet a crisis, the declining trends concern us greatly and justify remedial action now. I share the judgments of senior medical leaders who anticipate major physician shortages in the next several years unless retention trends can be reversed.

Our study identified a definite correlation between physician losses and pay. Physician losses decreased in the early 1980's, at the time of substantial compensation increases resulting from the 1980 medical officer pay legislation and the large military pay raises in 1981 and 1982. Beginning in Fiscal Year 1984, however, and continuing to the present, the number of annual physician losses as well as the loss rate have increased. The general decline in retention that began in Fiscal Year 1984 took a disturbingly sharp downturn beginning in Fiscal Year 1987.

Pay Reforms

In constructing our 1990 plan, we carefully considered the structure and effects of the successful 1980 legislation, the private sector's compensation levels, and the results of our study's retention analyses. As with the 1980 program, our plan is not designed to provide total compensation levels comparable to those of physicians employed in the private sector. That would clearly be cost prohibitive.

Rather, our strategy maintains the basic special pays structure of the 1980 authority and adds enhancements to make our pay program competitive once again with the private sector. It features increases targeted to specialties which are presently the least competitive. The highest rates of increase correlate with the specialties having the most critical wartime shortages. A significant new enhancement feature is the provision of substantial incentives for multi-year contracts that will extend medical officer commitments and retention. Its key features parallel those of the 1989 MORB program, which was designed for smooth transition into the permanent special pay structure.

As would be expected, the specialties reflecting the greatest pay disparities with civilian peers, and therefore the highest planned Medical Special Pay (MSP) amounts, are the procedural specialties such as surgery and anesthesia. These are also the specialties in which the most critical wartime shortfalls exist. The targeting feature of the 1990 plan thus enhances the retainability of the critically short wartime specialties as a product of its comparability-focused structure. Under the multi-year incentive feature, the maximum MSP amount designated for each specialty group would be provided for a four-year contract, roughly 75 percent for 3 years, 50 percent for 2 years and one-quarter of the amount for a one-year contract. The maximum for the group at the top of the variable MSP range, which includes surgery and orthopedic surgery, would not exceed $50,000 for a four-year agreement.

We recognized from the outset of the special pays study that the concept of specialty-based pays was the most contentious issue facing us. However, an overwhelming majority of the over 4,200 military physicians responding to our October 1988 survey were receptive to the specialty-based pay concept. Less than 25 percent of the respondents indicated they thought this concept would be dissatisfying to them, or that it would be divisive or harmful.

Nearly 60 percent said it would not be dissatisfying to them, and thought it would be neither divisive nor harmful.

The tables on the following pages illustrate our MSP proposal for physicians with four or more years of experience (Table 1) and those with less than four years experience (Table 2). Table 3 shows military pay by specialty and planned MSP amounts for a four year contractual agreement compared with corresponding civilian physician pay.

The plan submitted to Congress last December 1 included enhancements to Additional Special Pay (ASP) but we have now decided, for the sake of simplicity, to propose only the new Medical Special Pay, but in amounts that would be the same as previous combinations of MSP and the ASP enhancements for multi-year contracts.

TABLE 1
FY 90 Medical Special Pay Levels
(in thousands of dollars)
(Specialties with four or more years of experience)

		Length of Contract			
Group	Specialty	1 Year	2 Year	3 Year	4 Year
1	Orthopedics	$16.5	$27.0	$41.5	$50.0
	Surgery	16.5	27.0	41.5	50.0
2	Anesthesiology	13.2	22.0	34.0	46.0
	Ophthalmology	13.2	22.0	34.0	46.0
	Otolaryngology	13.2	22.0	34.0	46.0
	Urology	13.2	22.0	34.0	46.0
3	OB/GYN	10.0	17.0	26.5	36.0
	Radiology/Nuclear Medicine	10.0	17.0	26.5	36.0
4	Cardiology	6.6	12.0	19.0	26.0
	Dermatology	6.6	12.0	19.0	26.0
5	Gastroenterology	5.0	9.5	15.3	21.0
	Emergency Med	5.0	9.5	15.3	21.0
	Internal Med Subs	5.0	9.5	15.3	21.0
	Pediatric Subs	5.0	9.5	15.3	21.0
6	Undersea Medicine	2.0	5.0	8.5	12.0
	Aerospace Med	2.0	5.0	8.5	12.0
	Occupational Med	2.0	5.0	8.5	12.0
	Preventive Med	2.0	5.0	8.5	12.0
	Neurology	2.0	5.0	8.5	12.0
	Pathology	2.0	5.0	8.5	12.0
	Psychiatry	2.0	5.0	8.5	12.0
	Gen Internal Med	2.0	5.0	8.5	12.0
7	Family Practice	0.7	3.0	5.5	8.0
	Gen Pediatrics	0.7	3.0	5.5	8.0
	Physical Medicine	0.7	3.0	5.5	8.0

Subspecialty definitions:

Surgery:	General, Peripheral-vascular, Pediatric, Colon-rectal, Neuro, Plastic, Cardio-thoracic
Internal Med:	Allergy/immunology, Clinical Pharmacology, Endocrinology, Gerontology, Hematology, Infectious Disease, Nephrology, Oncology, Pulmonary Rheumatology, Tropical
Pediatrics:	Adolescent, Cardiology, Endocrinology, Neonatology, Gastroenterology, Hematology, Neurology, Infectious Disease, Genetics, Nephrology

TABLE 2
FY 90 Medical Special Pay Levels
(in thousands of dollars)
(Specialties with four or less years of experience)

		Length of Contract			
Group	Specialty	1 Year	2 Year	3 Year	4 Year
1	Orthopedics	$6.6	$12.0	$19.0	$26.0
	Surgery	6.6	12.0	19.0	26.0
2	Anesthesiology	5.3	10.0	16.0	22.0
	Ophthalmology	5.3	10.0	16.0	22.0
	Otolaryngology	5.3	10.0	16.0	22.0
	Urology	5.3	10.0	16.0	22.0
3	OB/GYN	4.0	8.0	13.0	18.0
	Radiology/Nuclear Medicine	4.0	8.0	13.0	18.0
4	Cardiology	3.0	6.0	10.0	14.0
	Dermatology	3.0	6.0	10.0	14.0
5	Gastroenterology	2.0	5.0	8.5	12.0
	Emergency Med	2.0	5.0	8.5	12.0
	Internal Med Subs	2.0	5.0	8.5	12.0
	Pediatric Subs	2.0	5.0	8.5	12.0
6	Undersea Medicine	0.8	3.2	5.8	8.4
	Aerospace Med	0.8	3.2	5.8	8.4
	Occupational Med	0.8	3.2	5.8	8.4
	Preventive Med	0.8	3.2	5.8	8.4
	Neurology	0.8	3.2	5.8	8.4
	Pathology	0.8	3.2	5.8	8.4
	Psychiatry	0.8	3.2	5.8	8.4
	Gen Internal Med	0.8	3.2	5.8	8.4
7	Family Practice	0.3	2.4	4.6	6.8
	Gen Pediatrics	0.3	2.4	4.6	6.8
	Physical Medicine	0.3	2.4	4.6	6.8

Subspecialty definitions:

Surgery:	General, Peripheral-vascular, Pediatric, Colon-rectal, Neuro, Plastic, Cardio-thoracic
Internal Med:	Allergy/immunology, Clinical Pharmacology, Enocrinology, Gerontology, Hematology, Infectious disease, Nephrology, Oncology, Pulmonary Rheumatology, Tropical
Pediatrics:	Adolescent, Cardiology, Endocrinology, Neonatology, Gastroenterology, Hematology, Neurology, Infectious disease, Genetics, Nephrology

TABLE 3
Comparison of Military and Civilian Physician Pay
(assumes four year contracts)

Specialty	Military Pay	Multi-yr MSP	Proposed Mil Pay	Civilian Pay	Gap	Pct
Thoracic-card	$78,540	$50,000	$128,540	$211,893	$83,353	61%
Orthoped Surg	$78,540	$50,000	$128,540	$190,791	$62,251	67%
Neuro Surgery	$78,540	$50,000	$128,540	$183,347	$54,807	70%
Radiology	$78,540	$36,000	$114,540	$139,947	$25,407	82%
Ophthalmology	$78,540	$46,000	$124,540	$148,325	$23,785	84%
Urology	$78,540	$46,000	$124,540	$148,152	$23,612	84%
Gen Surgery	$78,540	$50,000	$128,540	$151,064	$22,524	85%
Pathology	$78,540	$12,000	$ 90,540	$104,052	$13,512	87%
Anesthesiology	$78,540	$46,000	$124,540	$141,776	$17,236	88%
OB/GYN	$78,540	$36,000	$114,540	$127,796	$13,256	90%
Cardiology	$78,540	$26,000	$104,540	$116,602	$12,062	90%
ENT	$78,540	$46,000	$124,540	$137,984	$13,444	90%
Internal Med	$78,540	$12,000	$ 90,540	$ 99,049	$ 8,509	91%
Neurology	$78,540	$12,000	$ 90,540	$ 99,518	$ 8,978	91%
Gastroenterol	$78,540	$21,000	$ 99,540	$108,094	$ 8,554	92%
Psychiatry	$78,540	$12,000	$ 90,540	$ 97,167	$ 6,627	93%
Dermatology	$78,540	$26,000	$104,540	$110,395	$ 5,855	95%
Family Pract	$78,540	$ 8,000	$ 86,540	$ 89,067	$ 2,527	97%
Pediatrics	$78,540	$ 8,000	$ 86,540	$ 86,990	$ 450	99%

Military Pay: Based on weighted average of O-4 - O-6 military physicians using FY 1990 RMC + VSP + ASP + BCP (assumes 3% FY 1990 RMC increase)

Multi-yr MSP: Total annual Medical Special Pay (MSP) multi-year premium cannot exceed $50,000

Civilian pay: Based on weighted average of the medians for assistant, associate, and full professors by specialty. Academic data projected to 1990 (assumes 5% 1989 - 1990 income increase)

Pay gap: Civilian pay minus military pay

Percent: Percentage of military pay compared to civilian pay

Data Problems

I can understand why some might view the statistical detail in our report on physician compensation as lacking comprehensiveness compared with the aviator retention report. The health professional studies were significantly affected by separate initiatives underway in the Department to resolve inconsistencies in the Services' processes for estimating wartime requirements for medical personnel. As a result of these initiatives and the remedial actions in progress, the Office of the Secretary of Defense has not adopted as valid the Services' current statements of active component health professional specialty requirements. Validated wartime requirements data were, therefore, not available during conduct of the studies. Additional difficulties were experienced because of the dearth of data needed to support rigorous analyses of the sensitivity of health professional retention rates to changes in pay, as well as a general absence of Service retention goals for physician specialties.

These deficiencies in firm requirements and retention data made it extremely difficult to provide comprehensive statistical detail on requirements and retention. Documentation of retention problems was especially troublesome, since declining retention of health professionals is a recently emerging situation.

Mr. Chairman, I cannot quarrel with criticisms that the study lacked comprehensiveness. We are going to make certain we do not find ourselves in such a position again, nor put this Subcommittee in such a position again. We have undertaken a number of initiatives to address the multiple issues influencing requirements and retention data for health care personnel, and priority attention is being given to these. For example, we have begun to implement the many important recommendations stemming from a major Departmental review to address inconsistencies among the Services' processes for determining wartime requirements. These include initiatives to: establish more standardized protocols for use in determining medical program requirements; validate wartime force structure requirements; identify wartime requirements goals for the various health personnel categories and specialties; and, allocate those goals between the active and reserve components based on criteria being developed through the total force policy initiatives being led by the Assistant Secretary for Force Management and Personnel. The Assistant Secretary for Reserve Affairs, along with Health Affairs and other Office of the Secretary of Defense staff principals, the Joint Chiefs of Staff and the Military Departments are actively participating in these activities.

Notwithstanding these problems, the Department did develop, as directed by Congress, a system competitive with the pay of comparable physicians in the private sector to improve retention of military physicians. I cannot stress too much, however, our belief that a comprehensive approach addressing both compensation and the nonpecuniary retention factors is needed.

Nonpecuniary Factors

Many nonpecuniary factors, such as inadequate administrative and clinical support staff, have long been recognized as problems which seriously affect the Military Health Services System.

All too often, needed enhancements for medical support in each of the Services' systems are overcome by other pressing needs of the Military Departments. The competition for scarce resources is obviously increasing in these times of budgetary stringency. The costs to make major improvement in the working environment of the military medical system can be substantial, many times that of compensation changes for health professionals. Nevertheless, each of the Service's FY 1990/1991 budget submissions includes resources to address some of these non-pay concerns. The Army has included $7 million for increased staffing, both through civilian authorizations and contracting for ancillary support. Over $21 million is included in the Army budget for the necessary replacement of outdated medical equipment. The Navy has funded an increase of 118 civilian medical technicians to offset losses of military technicians in pharmacy, radiology and operating rooms. Over $80 million has been included by the Navy for contracting and enhanced in-house capability to decrease reliance on CHAMPUS. The Air Force has included $10 million for managed health care initiatives to control future growth in CHAMPUS.

A portion of the resources requested for these initiatives responds to key management initiatives being sponsored by the Department to support improved staffing and resource allocation for the Military Health Services System; they have the potential for improving certain of the high-ranking nonpecuniary disincentives. The Military-Civilian Health Services Partnership Program, the Health Care Finder Program, and the Alternate Use of CHAMPUS Funds Program all allow the military medical treatment facility (MTF) to increase facility capability through use of civilian providers to treat CHAMPUS patients in the military hospital, thereby improving hospital capability and productivity. Such programs also use CHAMPUS funds to augment military hospital staff, or to help patients find appropriate health care when it is not available in the military hospital or clinic.

Nurse Study

Our study of nurse retention and recruitment disclosed emerging effects of the nationwide nursing shortage on active duty nurse staffing. It is becoming increasingly difficult to compete with the private sector for scarce nurse resources, both new nurse graduates and experienced nurses.

Compensation of registered nurses employed in the private sector has increased rapidly because of increasing demand and competition for them, and this trend is expected to continue. The national average for starting nurse salaries surpassed the average military starting pay in 1988 for the first time, and the average 1988 pay increase for civilian staff nurses was about five percent higher than the 1988 military pay raise. Although the average military nurse still receives higher pay than a civilian counterpart, we are seeing substantial decline in the competitive pay advantage we have traditionally enjoyed. Additionally, prospective civilian employers are increasing their use of financial incentives not available to the Services, such as student assistance programs, to attract student nurses.

Certain nursing specialties are especially difficult to recruit and retain. The highly skilled specialty of Nurse Anesthesia is the most prominent example. Certified Registered Nurse Anesthetists (CRNAs), critically needed for both the wartime and peacetime medical missions, are in great demand in the private sector. The high civilian salaries commanded by CRNAs make it very difficult to recruit or retain them, and we are experiencing continual shortages of active duty Nurse Anesthetists.

We must take action now to respond to the nationwide nursing shortage, and to prevent more serious effects on military health care in the years ahead. Several initiatives have already been taken by the Services and the Department, and a number of others are underway or being planned. We will be forwarding legislative proposals to provide for special pay for Certified Registered Nurse Anesthetists and an accession bonus to aid recruitment of nurses. Each Military Department also plans to demonstrate nontraditional recruitment approaches to supplement existing ones. They plan innovative programs designed to expand the pool of registered nurse potential applicants through modification of educational entry requirements.

Other Health Care Providers

A separate supplement to the December 1 report, currently being coordinated within the Administration, provides the results of our study of thirteen other nonphysician health care disciplines. The supplement addresses those nonphysician disciplines currently receiving special pays as well as other disciplines with emerging retention and pay comparability problems, to include: dentistry, veterinary medicine, optometry, pharmacy, clinical psychology, physical therapy, occupational therapy, audiology, speech pathology, podiatry, social work, dietetics, and physician assistant.

Reserve Medical Initiatives

Apart from the retention and compensation issues, we are continuing to give priority attention to increased staffing of Reserve Components health care personnel as the primary way to reduce the critical wartime shortages. Significant growth in staffing has been achieved since 1982, including a 50 percent increase in staffing levels for Ready Reserve physicians and a 70 percent increase for nurses. Despite this progress, substantially more growth is necessary to reduce the critical wartime shortfalls.

During 1988, the Department undertook a national program designed to increase awareness of reserve opportunities and recruitment incentive programs for health care personnel, and to generate recruiting leads for the Services. The program included a Direct Mail Marketing Campaign which sent over 180,000 personal letters from the Assistant Secretary of Defense for Health Affairs to targeted populations of physician and nurse specialists in critically short supply, and a national media campaign which provided information through civilian professional health care journals and other professional media about reserve opportunities. This program generated a response rate of over five percent, much higher than predicted. More than 10,000 leads were referred to the Services' recruiting networks. The Services have already appointed nearly 60 physicians and 60 nurses, and are processing applications for an additional 400 physicians and 650 nurses.

We also took measures to implement new legislative authorities regarding constructive service; appointment and retention ages; Combat Casualty Care Course (C4) for reservists; and the Health Professionals Loan Repayment and Stipend Programs.

The statutory increases in appointment and retention ages have further benefited the recruitment effort. Since the increase in the appointment age was implemented in December, 1987 by the Military Departments, 760 physicians and nurses age 40 and older have joined the military. This was a one-year increase of 113 percent over similar accessions under the former authority. It will be several years before significant benefits of the extended retention age can be quantified. Thus far, approximately 50 physicians and nurses have been approved for retention beyond age 60.

During Fiscal Year 1988, the Department completed its preparations for the additional funding, personnel and guidance necessary to implement the plan for expanded C4 training for reservists. Joint Service implementation commenced on October 1, 1988. This initiative provides for increased reserve personnel participation in the resident C4 course, and also for exporting a comparable course to the Reserve Components for on-site training in local reserve units.

Modifications made by Congress to the Loan Repayment and Stipend Programs for Fiscal Year 1988, including additional categories of federal loans eligible for repayment, and an Individual Ready Reserve payback option and eligibility for medical-surgical nurses in the Stipend Program, have strengthened these incentives. However, further modification to these incentives is needed to increase their effectiveness and utilization. Part of the Department's legislative package is a proposal to further expand the types of loans eligible for repayment under the loan repayment and stipend programs, and to increase both the annual and total caps on the amount of loans that can be covered under these programs. We hope that the formal Administration proposal for these modifications will receive favorable consideration when transmitted to Congress.

Actions were taken to provide adequate resources in the Fiscal Year 1990-1991 Defense budget for reserve medical recruitment. These budgeted resources represent minimum essential funding and strength levels to support the increased reserve medical recruitment required to make acceptable progress in reducing wartime shortfalls. The budget request includes vitally needed increases to Active Guard/Reserve medical recruiters and to fund end strength for reserve medical personnel. The number of recruiters dedicated to reserve medical recruiting is the most important factor in attaining our goals for increased recruitment. These recruiter resources, along with sufficient funded strength to provide vacancies for new reserve accessions, are critical to effective recruitment performance.

THE FUTURE

I now turn to our directions of the future. The Department's goal is to improve the management of our health care operations, both the thirty percent that we purchase from the civilian sector through CHAMPUS, and the seventy percent that we administer directly through more than 500 facilities worldwide.

Diagnosis Related Groups

Resources are the principal driver for improving our management, but not the sole imperative for better management. As all the Services have found in their managed care experiments, efficiency and quality go hand in hand in providing better and more accessible care for our patients.

Congress has pressed the Department since 1986 to reform the method by which we allocate resources to support peacetime health care operations by using Diagnosis Related Groups. What Congress correctly perceived in requiring a shift to DRGs as a basis for resource allocation was the fundamental problem in management of DoD medical resources: we do not accurately measure what work we produce, and do not allocate resources to hospitals on the basis of work actually performed.

We now have developed a system of weighting inpatient and outpatient dispositions as a DRG-type resource allocation method and began applying a new weighted workload measure to the cost of medical supplies in October, 1988. In FY 1989 we will begin formal encoding and grouping of inpatient treatments into DRG groups. We cannot meet the October 1, 1989 goal requested by Congress for implementation of DRGs for outpatient treatments, and request statutory relief from this deadline by delaying implementation until October 1, 1991.

Joint Healthcare Manpower Standards

Another fundamental concern in management is the allocation of medical manpower. Each Service staffs its hospitals differently with respect to both total manpower and the mix of providers per unit of work. And the work units upon which staffing is based are derived from outmoded measures, clinic visits and bed-days, which do not reflect the actual manpower resources required. The Department has identified this as a key management problem, contributing not only to our inability to justify our true manpower needs, but also to staffing inequities and provider dissatisfaction, particularly with respect to support staff. With the Air Force as Executive Agent, uniform manpower standards are being developed for all work centers in military hospitals and clinics, and the Department will publish the first set of 39 interim standards later this year.

Composite Health Care System

Another key to management improvements in peacetime health care operations is the need for modern automation in our hospitals and clinics. The Composite Health Care System, our program to provide standard automation support for physicians, nurses and other health care providers, is now undergoing operational testing. If the system succeeds in meeting our performance standards and functional needs, as we expect it will, proliferation will begin September, 1990. Due to our resource constraints, proliferation throughout the military's vast hospital and clinic system could not be completed until the late 1990's.

Managing Peacetime Operations - Future Plans

It is clear to me that our ability to compete successfully for scarce resources in the future will be dependent on our ability to predict resource needs and measure output, on the quality and accessibility of the health care we deliver, and on the satisfaction of our patients, in both the inpatient and outpatient arenas. Each is better served by a reliable management system which accurately measures and rewards the work that we produce, coupled with cost and quality controls. And we must credibly articulate and justify our needs or be left with the short end of the stick.

While the Military Departments and my office have been working toward these goals, I feel an urgency for development of certain management reforms which current plans and programs do not contemplate. For example, our manpower standards need to shift to a diagnosis-based workload measure. DRGs need to be put to use for resource allocation in the outpatient arena sooner than presently envisioned. Our quality assurance programs must be refined for the outpatient settings as well the inpatient arenas they now serve so well. Hospital commanders need new sources of information about patients who expect to receive care from their facility, and better management tools by which to administer money and staff resources.

I recently directed a reappraisal of the timeliness and capabilities of all of these key developmental activities, and concluded that we had to hasten achievement of our goals. To jump-start needed management initiatives, I have decided on a program to improve the automation support included in initial deployment of the Composite Health Care System(CHCS) in 14 hospitals and 51 associated clinics beginning in September 1990. Specifically, building on the capability of CHCS and the Defense Enrollment Eligibility Reporting System(DEERS), these sites will become the seed beds for demonstration of key tools in resource and quality control that have been our goal all along: DRGs as the basis for allocation of both inpatient and outpatient resources, utilization review, uniform staffing standards that are diagnosis-based, optimal coordination of benefits with private insurers, registration, or enrollment of our beneficiary population in those locations, and refinement of our quality assurance program in outpatient settings.

These features are all elements of a comprehensive managed care system which is the Department's goal. We are anxious to learn how each can be used to document and improve the efficiency of our peacetime health care operations, and I want to know it sooner than our current plans allow. I am equally determined to show that patients receive the highest quality of care possible, both in outpatient and inpatient settings, and that care is accessible to them. Thus I have directed that the Comprehensive Health Care Management Demonstration Project be initiated to tie together and focus all our recent management initiatives and put them to work in fourteen key sites throughout the world by September 1990. Our understanding of how to better manage our peacetime health care operations will be greatly improved by this enhancement of existing plans and programs. I believe it will yield results quickly within our existing resources, and point the way to future improvements in management which will enhance the efficiency and cost effectiveness of the military health care system as a whole.

LEGISLATIVE PROGRAM FOR THE 101ST CONGRESS

I have already mentioned several legislative proposals. Among those to which I have alluded are our proposals to make the loan repayment and stipend program more attractive, the well publicized proposals for special pay for physicians and nurses, and a proposal to include the use by CHAMPUS of the Medicare Economic Index in permanent legislation. There are several others that I hope that you will be receiving shortly. One in particular that I respectfully request you examine closely is a proposal that would implement an alternative to the legislatively mandated requirement that we earmark 2,500 of our Health Professions Scholarships for third and fourth year undergraduate students. I respectfully ask that you examine our alternative and give it your favorable consideration.

CONCLUSION

We all know the dollars needed to support military medicine have become an increasingly visible part of the Defense budget (4 percent). Over the past few years, the Department has concentrated the bulk of our reform efforts on controlling CHAMPUS' previously spiralling cost escalation. We have seen actual improvements with pleasant results from our management reform, medical readiness and quality assurance efforts.

Senator GLENN. Thank you very much, Mr. Newhall. General Ledford, I believe this is your first time before the committee, is that correct?

General LEDFORD. Yes, sir, Mr. Chairman.

Senator GLENN. Pull that mike up close to you, if you would please.

STATEMENT OF LT. GEN. FRANK F. LEDFORD, JR., U.S. ARMY, SURGEON GENERAL OF THE ARMY

General LEDFORD. Mr. Chairman, I am Frank Ledford, the Army Surgeon General, and I am indeed honored to appear before you for the first time. I have submitted a rather lengthy statement for the record and I would like to give you a very brief overview of Army medicine as I see it.

Senator GLENN. Your entire statement will be included.

General LEDFORD. Thank you, sir. First of all may I thank you and the committee for your strong support of our wartime and peacetime goals and, especially, may I thank you for support of the Army Medical Department regarding officer reductions.

I was sworn in as the Surgeon General in June last year. My platform was twofold: to continue the momentum of improvements in readiness and quality care set by my predecessor and to maintain a tenuous balance between our two missions of wartime preparedness and daily care.

These missions are both competitive and complementary. I believe they are much more complementary than competitive. I would submit, sir, that what we do every day is a part of readiness. It gives us a fit force. It allows our soldiers to concentrate on their job, and not worry about the health of their family. And just as important, what we do every day is the best possible training for our most sophisticated mission in wartime—the care of the sick and wounded, care that we can only learn to give by doing it every day and not by reading about it.

My good friend Gen. Jim Rumbaugh, who recently died, and was the commander of Walter Reed said, "Walter Reed is the Army's most active life fire range." Jim Rumbaugh was right.

I am pleased to tell you that our momentum in medical readiness is positive. For the first time since World War II, our Reserve

Forces are becoming equipped. We have procured 101 DEPMEDS hospitals. We have fielded 26 to date. We now have several thousand-bed, war-based hospitals ready to go in Europe and we have rapid reaction surgical and psychiatric and other specialty teams stationed throughout the world, ready to respond on a moment's notice.

The Ramstein disaster last summer generated 520 casualties instantly. Working with the Germans and with the Air Force, we triaged and removed from the injury site all casualties within 77 minutes. This is the largest mass casualty situation in memory, and I think we responded admirably because we were prepared and because we had practiced.

We have developed surgical skill enhancement programs for our doctors, such as obstetricians, and these programs have already paid off. And I can tell you that obstetricians were part of the reaction team at the Ramstein disaster and they had been trained just a week or so before the disaster.

In daily care, I also have some positive things to tell you about. Our workload in the Army has increased, both outpatient visits and inpatient visits. Our average length of stay has been a little shorter and that means good management. We are managing our system a little better, and we are trying to get the best mix between the direct care component and the CHAMPUS component of our health care.

Our quality assurance programs are a model for the rest of the Nation and that has been objectively recognized in the medical media. We continue to be the Nation's largest, and I think the Nation's best, medical educator. We cover every discipline, and I can tell you, sir, that our scholarship program for medical students is attracting the best young students in American medicine.

So I have given you some things I am proud of, but like Mr. Newhall I see some clouds on the horizon. I see a possible recrudescence of the 1970s, where doctors voted with their feet. Doctors are concerned with the amount of pay and the lack of support personnel, and they feel overworked and they feel underappreciated.

Well, we now have a pretty good pay proposal. It may not be perfect, but I think it is working; and I can tell you that we are working hard on other issues. Nurses concern us terribly.

Our Nation is a competitive arena in which 15 percent of nursing spaces are vacant. We must compete in the same market with private industry and other Federal agencies and yet we do not have a competitive wage for our civilian nurses, nor for our entry-level military nurses.

Then we do some dumb things. For example, at Walter Reed we do not have enough parking for our professional staff or our patients and some of the nurses have to go out there and move their car off the street every 2 hours. Well, I want you to know that we are addressing those problems, and we have lots of initiatives and lots of good ideas and we would ask for your support down the road, as you have given it in the past.

Thank you, sir.

[The prepared statement of General Ledford follows:]

STATEMENT BY
LT. GEN. FRANK F. LEDFORD, JR.
THE SURGEON GENERAL
DEPARTMENT OF THE ARMY

Mr. Chairman and members of the Committee, I am Lieutenant General Frank F. Ledford, Jr., the Army Surgeon General. It is an honor to have this opportunity to appear before this subcommittee for the first time to discuss the Army Medical Department (AMEDD) and our FY 1990/1991 budget request. This subcommittee has played a valuable role in helping the Army not only to achieve goals aimed at increasing our wartime capability, but also to achieve goals aimed at ensuring that eligible beneficiaries have access to quality health care. And for that I thank the Committee.

The AMEDD has two distinct but interrelated missions. Simply stated, they are (1) To maintain the peacetime health of the active force and to be prepared to attend the sick and wounded in time of war and (2) To provide a health benefit as a condition of employment to eligible beneficiaries. This definition of the AMEDD missions was written in the final report of the Defense Resources Management Study (Rice Commission - page 81). Imbedded in those two missions are also the inherent responsibilities to ensure that the Army health care system is properly manned, equipped and sustainable, and to ensure that we have an aggressive and extensive research program to protect the lives of soldiers against disease and health hazards wherever they may be deployed. The FY 1990/1991 budget request was developed with these missions and responsibilities in mind.

Two years ago Lieutenant General Becker, My predecessor, informed this subcommittee of the AMEDD's initiatives to improve medical readiness and to increase access to our peacetime health care delivery system. Those initiatives have elevated Army medicine from the poor morale and checkered care of the post-vietnam war days into an era of renewed respectability. I plan to continue that momentum.

Progress in the area of medical readiness continues to be made but much remains to be done. Equipment and personnel shortages remain the two most critical limiting factors toward achieving our medical readiness objectives. As reported to you during previous hearings, correcting deficiencies is a lengthy process.

Equipment shortages exist in the active components as well as in the reserve components. Those shortages have been identified in the field type combat hospital units and in the battalion and division level units. Procurement of deployable medical systems (DEPMEDS) is the programmatic solution to equipment shortages in the field hospital units; acquiring critical items of medical materiel is the solution for the other units.

DEPMEDS, as you know, is a tri-service effort to standardize equipment used by all field type combat hospitals. On September 28, 1987, the first unit was equipped with DEPMEDS. To date, a total of 101 hospital sets, plus a training set, have been procured. Of the 101 sets procured, 26 DEPMEDS sets have been fielded. The fielding of DEPMEDS to these hospitals equates to a total of 9580 beds, which is only 15% of the total number of beds to be procured. Twenty of the hospitals fielded are in Europe, five hospitals are located in the United States and the other one is located in Korea. At the end of FY 1989, the Army will have procured another 14 DEPMEDS sets. The FY90-91 budget request includes funding for an additional 17 sets, which increases the total number of sets procured to 132.

Reserve component units have also benefitted as a result of the DEPMEDS acquisition program. Because of the DEPMEDS fieldings, three reserve component units were activated and fielded with displaced Medical Unit Self-Contained Transportable (MUST) equipment from active component units that received DEPMEDS. The Army National Guard and the Army Reserve units have also received a total of 21 minimum essential equipment for training (MEET) sets.

These sets will enable those units to train at their home station. The 21 MEET sets are only a fraction of the total number of sets to be fielded under this vital program.

Training on this new DEPMEDS equipment has been provided to 27 reserve component and 6 active component units. Operator training and doctrine and tactics training for the active component units were conducted by a team from the Academy of Health Sciences at the units home station. Training for 23 of the 27 reserve component unit was conducted at the new equipment training site located at Camp Bullis, Texas. The remaining reserve component units, were trained at our newly established regional training site at Camp Shelby, Mississippi. That site opened for training on 15 January 1989. I will discuss further the regional training site later on in my statement.

Another area in which progress has been made is in the acquisition of critical items of medical materiel for battalion and division level medical units. This program has been under way for several years now and is essential if we are to provide care within the combat zone. For example, some of the items that we have procured include medical aid bags, dental x-ray sets, lab sets and medical clearing station sets. We also plan to purchase defibillators and low capacity x-ray units. I might add that this acquisition program is for both active and reserve component units.

As I stated before, personnel shortages continue to be a medical readiness concern. These personnel shortages exist primarily in the Medical and Nurse Corps of the reserve components. The Medical Corps shortages exist in the critical specialties. We estimate the active and reserve physician requirement for anesthesiology, general surgery and orthopedic surgery to be around 5,749; whereas, our current inventory is slightly over 1,950 physicians. Naturally, our recruiting efforts are geared toward attracting those critical skills. For example, beginning this fiscal year, we have implemented a program called the National AMEDD Augmentation Detachment (NAAD) which will offer Army Reserve physicians and nurses in critical skills flexible training programs and will eliminate geographic constraints which impact on both recruiting and retention. The Army National Guard is considering a similar program for its members. In addition, the Army has increased the number of Active Guard/Reserve Recruiters dedicated to nurse and physician recruiting by 75.

To help solve some of the nurse recruiting problems, the Army, last year added 40 nurse recruiters and 13 nurse counselors. In addition, Army Nurse Corps Officers in critical skills are now eligible for the NAAD program. However, the jump in civilian nurse salaries has made it impossible for the reserve components to financially compete with civilian weekend opportunities. The current total estimate of nurse shortages is approximately 14,500.

When I was the Commander of 7th Medical Command in Europe I was actively involved in a readiness initiative called "warm basing". Warm basing is a rapid method of rendering wartime general hospitals fully operational in a short notice war. We can do this by partially establishing a 1,000 bed general hospital medical equipment set at its intended wartime site. Existing facilities, such as former warehouses or factories are ideally suited for this purpose and significantly shorten the time necessary to make these hospitals operational at the start of hostilities. We plan to warm base six general hospitals, representing 6,000 beds, by 1994. The first warm base hospital opened in the Netherlands in June 1987, and the second one in the United Kingdom in August 1987. We intend to warm base other hospitals in Belgium, the Netherlands and the United Kingdom.

Training is another area in which we have made progress. As I mentioned earlier, we are training reserve component (RC) units to use DEPMEDS equipment at Camp Shelby, Mississippi. Camp Shelby is a regional training site-medical (RTS-MED) that has recently opened to train RC hospital units. There are 6 other RTS-MED planned to be activated by 1992. Each RTS-MED will consist of a standard five acre training site and building complete with classrooms, biomedical equipment maintenance facilities are key to the unit level sustainment training necessary to ensure National Guard and Army Reserve units are prepared to perform their wartime mission.

I am extremely pleased to inform you that we have expanded the combat casualty care course (C4) to include reserve components. The C4 course is an 8-day, Tri-Service course designed to prepare military medical professionals to successfully function at the forward points of the casualty care system on an integrated battlefield during mid-to-high intensity conflict. Providing RC clinicians with this training opportunity will improve medical support on the battlefield. In addition, we are providing an intensive 3-day program of surgical skills enhancement to obstetricians/gynecologists (OB/GYN). These physicians can then be used during wartime as members of the general surgery team. Thus far, we have trained approximately 150 physicians from each service.

The goal of the Army Health promotion program is to maximize combat readiness and mission performance. A fit soldier, capable of performing under the demands of the modern battlefield, will be an effective combat multiplier.

Since the establishment of the health promotion program in 1987, we have targeted goals in all areas of life-style behaviors which include physical fitness, stress management, tobacco usage, nutrition, substance abuse and screening for cardiovascular risk factors. The Army Medical Department has screened over 100,000 soldiers using the Army specific health risk appraisal assessment.

This computer assisted tool provides the needed feedback to the soldier for making the necessary health, fitness and spiritual life-style modifications for a long and productive service career.

This program has far reaching consequences for insuring the medical readiness of our forces. Fitness equals combat readiness and fitness will ensure our soldiers can meet the challenging demands that our nation will face in the future.

The global spread of Human Immunodeficiency Virus (HIV) is continuing despite preventive measures that have been taken, reinforcing earlier concerns that this disease has widespread military relevance for the future. Of particular concern is the incidence and projected spread of HIV infection in this hemisphere. The devastating effect that HIV has had in other places, such as Africa, is well documented. It is clearly recognized that HIV infection is of significant military importance and the spread of HIV infections could adversely affect military operations world-wide. The disease severely threatens our emergency blood supply, especially under combat circumstances with a deployed force. In addition, it exacerbates tension in our relationships with both allies and other countries since HIV infection and AIDS are still regarded by many countries, especially in the third world, as the "American" disease.

The Army research effort is directed at preventing new HIV infections as well as preventing progression of newly identified infections in troops and other beneficiary populations. It emphasizes three major areas: (1) Immunoprophylaxis (vaccines): (2) Chemoprophylaxis (drug therapy): and (3) Behavioral Science (how to change behavior of individuals at risk). We have made several significant findings and have developed clinically useful staging system. Progression of every HIV infection to AIDS has been shown to occur in the vast majority of cases studied. Evidence has been found that significant immunological dysfunctions may exist early in the course of the demographics of this disease. Screening test procedures have been developed that have exceeded 99.9% specificity and 96% sensitivity at a cost effective rate of around $3.00 per individual tested. Finally, phase 1 and 2 testing of 2 potential vaccines and 2 new drugs are underway.

Operating a peacetime health care delivery system is not the primary AMEDD mission, but it is a mission that we take great pride in performing. In recent years, the cost of performing that mission has risen, but the AMEDD's cost growth is less than the cost growth experienced in the civilian sector. We recognize that resources are limited and we accept the challenge to seek innovative managed care initiatives which will slow that rate of growth. Regarding the peacetime care operation, I would like to comment on its operation, highlight some of our managed care initiatives and present some of my most pressing concerns.

The AMEDD operates 49 hospitals and 290 dental clinics along with numerous health clinics world-wide. We also provide military staff for Brooke Army Medical Center operated under the executive agency of the United States Air Force as part of the San Antonio Joint Military Medical Command. We point with pride to the peacetime health care services provided in our medical treatment facilities. Over the past several years, work load accomplished by these AMEDD facilities has remained relatively constant. On an average day, we admit 1,114 patients, have 5,756 beds occupied, assist with the birth of 114 children, and provide care for some 18,322 patients. While the number of admissions has steadily risen, army hospitals continue to experience a decline in the average length of patient stay which decreased from 5.8 days to 5.17 days between fiscal years 1986-1988. This decrease is reflective of the national trend which results in part, from technological advancement, such as the use of lithotripters to non-surgically remove kidney stones, along with changing treatment practices like ambulatory surgery.

In spite of productivity enhancements, the AMEDD has not kept pace with the growing beneficiary population's demand for health care. We are not using our medical treatment facilities to full capacity. The most significant factor limiting full utilization is staffing. Consequently, when we cannot accommodate a patient's needs within the direct care system, we must refer the patient to the civilian sector under the CHAMPUS program. This alternative is more costly and generally not as acceptable by our beneficiaries as is care provided in the direct care system. Review of CHAMPUS non-availability statements issued by our facilities indicates that in FY 1984, Army hospitals accommodated 93.7 percent of our patients. In FY 1988, the accommodation rate declined to 92.0 percent.

The FY 1990/1991 budget request reflects a continuation of this stable work load trend. The budget request ($2,568M) includes $1,796M for the direct care component and $772M for CHAMPUS. The growth in the direct care component reflects the nominal growth required to extend the FY 1989 level of care into FY 1990. The budget request also includes funds for the direct care system to accommodate the beneficiary population which we estimate to be increasing at the rate by 1/2 of 1 percent per year. We have also fully funded the CHAMPUS program.

Training of AMEDD personnel is extremely important if we are to accomplish our mission. Our graduate medical education programs are nationally recognized as a valuable asset. These programs ensure trained physicians are available to treat the medical needs of our patients. The largest source of physicians entering the Army is from the Health Professions Scholarship Program (HPSP) and the Uniformed Services University of the Health Sciences (USUHS). These physicians are not specialty trained when they enter active duty. While they are undergoing residency training they are at the same time delivering care to DOD beneficiaries. The graduate medical education environment provides a solid basis to sharpen and challenge the skills of all participants in the training process, as well as to provide daily experiences that ensure readiness on the battlefield.

I identified staffing shortages as the most significant factor limiting full utilization of our medical treatment facilities. To overcome that situation, we developed and initiated the Army Medical Enhancement Program (AMEP), a program strongly supported by the Congress.

AMEP was initiated to provide responsible and efficient health care to soldiers and their families. It is the cornerstone of the Army's plan for achieving a 95 percent level of required staffing at medical facilities. The goal of the medical enhancement program is to improve the accessibility and the quality of care in medical treatment facilities. The first objective is to create a primary care model for all active duty families. The second objective is to improve the patient appointment system. This includes hiring more clerks and receptionists, as well as installing automation to assist in managing the scheduling process, while providing excellent data for management. A third objective is to obtain additional ancillary support personnel - nurses, physical therapists, occupational therapists, dieticians, corpsmen, lab, pharmacy and radiology technicians. These additional personnel will increase support for physicians in the clinical environment, relieve physicians from performing nonclinical duties, improve provider productivity and the effectiveness and efficiency of the health care delivery system, and support the Army Family Action Plan through improved access to care for military family members.

Last year, the AMEP initiative corrected some critical nurse staff shortages in emergency rooms and intensive care units which enabled us to meet accreditation standards. We were able to correct some physician shortages in radiology and emergency rooms, as well. We will achieve 80 percent of required staffing level by the end of this fiscal year. The personal services contracting component of AMEP is merely allowing us to replace the loss of our military physicians, it does not increase our capability; consequently, we are experiencing only small increases in our work load

Recently, as a result of the Vander Schaff Study, the Office of the Joint Chiefs of Staff obtained approval from the Senate to reallocate 384 civilian spaces in FY 1990 and 360 spaces in

FY 1991 to increase our direct system capability in CONUS. These additional spaces along, with the AMEP increases, will bring staffing levels to the 85 percent level by the end of FY 1991.

Opportunities to share health resources and thereby utilize excess capacity in either VA or DOD facilities are being pursued under the framework of the Health Resources and Sharing Act. VA and DOD cooperative ventures to maximize the use of federal health facilities afford mutually beneficial opportunities to expand service availability while promoting cost containment. Since passage of this law, the Army Medical Department and the VA have successfully negotiated over 36 sharing agreements covering all aspects of hospital services. Examples of services currently shared include inpatient and outpatient care, as well as neurosurgery, open heart surgery, specialty consultations and procedures, procurement of medical supplies and equipment, dental services, and CT Scans and other radiology services.

William Beaumont Army Medical Center (WBAMC) is continuing the joint venture with the EL Paso, Texas, Veterans' Administration outpatient clinic. This agreement currently allots forty inpatient beds at WBAMC for VA use. The Veterans' Administration is considering construction of a new ambulatory care center adjacent to WBAMC which would replace an aging facility in El Paso and encourage further sharing of services between the facilities.

One of our most successful peacetime health care initiatives of recent years is the Primary Care for the Uniformed Services Program (PRIMUS). It was developed and implemented by the Army in response to congressional directives to improve access and convenience for the beneficiary, and to increase work load accomplished in military medical facilities and to provide an alternative to CHAMPUS. The concept utilized contractor operated primary care clinics as satellite facilities to existing military hospitals. The first PRIMUS clinic opened in Fairfax, Virginia, in 1985. The Army currently has ten PRIMUS clinics in operation - three in northern

Virginia; one in Savannah, Georgia; one in Columbus, Georgia; one in Fayetteville, North Carolina; one in Killeen, Texas; one in Copperas Cove, Texas; one in Salinas, California and one in the Presidio of Monterey, California. PRIMUS program objectives are being met. PRIMUS has proven to be a cost-effective method of increasing direct care capability. The PRIMUS concept has been extremely well received within the Army as well as by the other services (NAVCARE and Air Force PRIMUS clinic initiatives). Patients have been pleased and excited with these primary care clinics.

The AMEDD is also involved in a demonstration project in Europe to obtain urgent medical care for soldiers and their families stationed in small communities where 24 hour-a-day clinic operations is uneconomical in terms of staffing. Under this arrangement, the local clinic operates at full staff during normal duty hour to accommodate the needs of the community, while we have negotiated agreements with local German hospitals to provide care to our beneficiaries when the military clinic is closed. CHAMPUS makes reimbursement without patient co-payment. We expect the project to improve the morale of active duty members and their families in Europe and to ensure that quality health care is available to them without additional cost. There are thirty-eight European command clinics/hospitals (29 Army and 9 Air Force) eligible to participate in the project. To date, we have negotiated 22 agreements.

As you know, DOD transferred responsibility for funding CHAMPUS benefit claims to the services last year. The AMEDD welcomes this challenge, and we fully support the philosophy that the military treatment facility (MTF) Commander should be responsible for the health care services provided to the beneficiaries residing near his facility. In addition, the Congress gave the AMEDD authority to use up to $50M in CHAMPUS funds for other than the payment of CHAMPUS claims when such use would improve the productivity of MTFs and produce net verifiable savings. The AMEDD, currently has approval for 19 such projects. We project those 19 projects will recapture or avoid approximately $19.2M worth of CHAMPUS cost, with an expected net savings of $8.0M in CHAMPUS.

The catchment area management demonstrations, required by the 1988 Authorization Act, will begin on 1 June 1989. Under this concept, the local MTF Commander will have responsibility for providing all health care services to eligible beneficiaries through either the direct care system or under CHAMPUS. The objectives of this demonstration are to provide the local commander with the resources and authority to develop the most cost-effective sources of care within his catchment area, to pursue alternative delivery mechanisms to augment the services available from the direct care system, and to improve beneficiary access to care by exploring all available options to meet their health care demand.

The concept has been designed and approved by ASD(HA) and will be conducted at Ft. Sill and Ft. Carson. Current programs which provide staffing and service augmentation at the MTFs will continue to be employed. These include the DOD/VA sharing agreements and the military-civilian health services partnership program. Other contracts and negotiated agreements with the private health care sector will also be pursued. An enrollment system will be established for each location. To encourage 100 percent enrollment, an alternative system will be included at one site. Each activity will employ the "health care finder" concept to assist beneficiaries referred to civilian providers. Concurrent evaluations as well as retrospective review will provide for control and proliferation of positive aspects of the demonstration.

The AMEDD Quality Assurance (QA) division continues to monitor our program to ensure that all our beneficiaries receive quality care. Our program is based on rigid enforcement of confidential peer review at each military medical treatment facility under the the explicit and direct oversight of the Medical Corps Commander. The overall quality assurance program entails patient care assessment, provider credentialing, utilization review, and risk management.

We have received the results from the 1988 DOD contract to the Forensic Medical Advisory Service (FMAS), Rockville, MD, for external civilian peer review from Dec 1987 through Nov 1988. I'm pleased to report that this agency reviewed 19,000 cases (primarily high risk categories) and only 86 have been reported to date to represent unacceptable care. Of the 86 cases, 8 represent a possible major deviation from the standard of care. All of these cases had previously been identified by the MTF under their ongoing QA program. Although we would prefer not to have any such cases, the fact that the number is small and that these cases had previously been identified by internal review attests to the efficacy of our QA program.

The AMEDD's research arm, the Medical Research and Development Command, has five research programs with eleven subordinate units which focus on the health and safety of soldiers. Validated research efforts focus on medical biological and chemical warfare defense, infectious diseases of military significance, combat casualty care, including combat dentistry and military systems health hazard. The Army has been designated by DOD as the Executive Agent for Medical Biological and Chemical Warfare Defense and by Congress as the lead agency for infectious disease and combat dentistry research.

The research programs seek to improve ways to protect soldiers from infectious diseases they might encounter when deployed to endemic areas or exposure to biological weapons; to improve medical care on the battlefield by placing the best tools and techniques in the hands of the combat medic; to protect our soldiers from military environmental health hazards and from the health hazards posed by our own weapons, equipment, and vehicles. Other important areas include maxillofacial surgery and wound infection control; medical protection of soldiers from the effects of chemical weapons, and improved medical management of chemical casualties.

During 1988, some accomplishments made by our research arm were:

(1) Completed development and fielded ballistic-laser protective spectacles to contingency forces

(2) Completed operational testing of new skin decontamination kit (xm291)

(3) Completed concept evaluation program testing of individual chemical casualty resuscitation prototypes

(4) Initiated full scale development of laser protective eye shields for aviators

(5) Initiated production validation of the wheeled litter

(6) Procured army developed anthrax vaccine for contingency requirements

As you can see, Medical Research and Development Command is an important player in the Army. It provides the technology, technical information, and medical materiel to resolve unique military medical deficiencies, prevent casualties, enhance the return to duty rate and lighten the logistical burden of U.S. Forces.

The most pressing issue in the Army Medical Department is the retention of our trained physician work force. The Army Medical Department is essentially operating a "revolving door" system in which most physicians leave the service at the first possible opportunity to do so. The initial loss rates of our physician specialists have increased dramatically from FY 1984 to the present. This is problematic in that it manifests itself in a less experienced work force than we need to meet either our war or peacetime needs. Although it is difficult to identify precisely specific causes and effects to determine why physicians choose to leave active duty, studies cited in the February 1989 report to Congress on Management of Military Medicine suggest factors that affect physician retention include, but are not limited to the following: professional job dissatisfaction; a perception of declining or inadequate resources, equipment, or facilities; excessive administrative duties; inadequate administrative and clinical support; and insufficient pay and compensation.

We in the AMEDD have long recognized these physicians dissatisfiers and in 1985 my predecessor initiated the Army Medical Enhancement Program (AMEP), an initiative I strongly endorse. As I mentioned earlier, the second and third AMEP objectives are aimed at relieving the administrative burden of physicians and providing additional ancillary support. We've made modest gains toward achieving these AMEP objectives and will continue these efforts as funding permits.

In the FY 1989 National Defense Authorization Act (P.L. 100-46, Sec. 612), the Congress addressed the physician retention issue by authorizing Department of Defense (DOD) to pay a one time medical officer retention bonus (MORB) during FY 1989. As a condition of this program, DOD was to provide two reports to Congress. The first, which was submitted 15 November 1988, required DOD to describe how the MORB would be implemented. The second report, which was submitted 1 December 1988, required DOD to prepare a comprehensive recommendation for permanent improvements to military health care provider compensation. Due to the complexity of the analysis, the initial reports addressed physicians only. Nurses and all other health professionals are being addressed at this time.

Another pressing issue in the Army Medical Department is the recruitment and retention of military and civilian registered nurses. In the midst of a nationwide shortage of professional nurses, the U.S. Army is thrust into a position of competition for scarce nursing resources within the health care industry. Civilian agencies have raised salaries, marketed education and professional development packages, and improved the quality of life for nurses. The military services have not kept pace with all of these initiatives.

While there are several incentive programs, such as loan repayment and stipend programs, for the reserve components, the absence of incentive programs for the active component and civil service RN force has resulted in serious recruitment and retention shortfalls. For the active component, recruitment is down. Only 39% of our goal has been achieved versus 44% this time last year. Actual losses exceed our programmed losses by 50%. Requests to join the career force are down 50%.

Long hours, increased requirements, stressed resources, few incentives and civil sector competition are significantly impacting upon the delivery of quality and quantity of health care. In the absence of immediate action, the Army Medical Department could be faced with a shortfall of 900 nurses by the end of 1991 to perform our peacetime mission.

In addition to the Health Professions Special Pay Study directed by Congress (the 1 December 1988 report plus the nurse and all other health professions portions), we have taken myriad actions to alleviate this downward trend. Some of these include:

-- Increasing the size of the recruiting force

-- Offering educational guarantees

-- Relaxing age and work experience criteria

-- Accelerating accession processing

-- Increasing career status quotas

-- Protecting training and continuing education funds

-- Enhancing career opportunities for civilians

There is still much to be done. We are currently considering several other initiatives to enhance our ability to recruit and retain military and civilian nurses, and we hope to present them to you in the near future.

Your support in these areas is essential to maintain the viability of our current military health care system. Nurses are critical members of the health care team and are key to accessibility and delivery of quality patient care.

Lastly, I am concerned about our ability to recruit and retain other medical disciplines to include civilians. We anticipate problems in recruiting and retaining these individuals, as well.

The active duty specialties, such as, Optometry, Physical Therapy and Clinical Psychology, are primarily fed by the civilian health care labor market. Changes in demand for health professionals in that market will affect the Army's ability to attract and retain those specialties needed for both mobilization and peacetime medical missions. The particular specialties which are of immediate concern are dental officer, physical therapy and occupational therapy, optometry, clinical psychology, pharmacy, and podiatry.

We have also experienced similar problems with the civilian work force, which comprises such diverse skills as nurses, pharmacists, optometrists and radiological technicians. The department is currently exploring possible solutions to this problem.

It is my opinion that the special pay portion of any comprehensive solution that addresses our recruitment and retention problems with our health professions must be part of a pay system that is based on the following criteria. I believe a pay plan must be understandable, dependable, reward desirable professional behavior, allow Service members to repay obligations for service or graduate medical education with time without forfeiting eligibility for special pays, contingent on the absence of the revocation of privileges through the credentialing process, while effectively addressing the Army's accession and retention needs.

Understandable. The current pay structure for physicians represents the upper limits of complexity that is desirable. Any pay system should be understandable to the health professionals we are attempting to recruit or retain, the spouses of the health professionals, the personnel officer who must explain the system, and the finance technician or clerk who must implement the pay system. The current pay structure, for example, provides for Variable Special Pay (VSP), which varies by years of service and shapes the overall profile of compensation: Additional Special Pay

(ASP), which is essentially a level programmed for physicians not in training; Board Certification Pay (BCP), which rewards physicians for achieving professional certification; and Incentive Special Pay (ISP), which is available to provide additional pay in hard to retain specialties.

Dependable. The structure of the special pay system should be stable over time. Although amounts of special pay may vary from time to time, in response to changing circumstances, these changes should be relatively infrequent. Even though these changes should be infrequent, special pays must be reviewed on a regular basis (e.g. quadrennial review).

The special pay system should also provide dependability from the Army's perspective. We need to know that we have in the current work force, trained health professionals who will be able to meet tomorrow's requirements. Those requirements could be the health care our peacetime force provides our beneficiaries or the operational requirements in Honduras or tomorrow's Grenadas. The Army's position throughout the development of the 1 December 1988 report has been that we need four year contracts to be able to adequately plan into the future.

Reward Desirable Professional Behavior. Currently, BCP rewards good or desirable behavior, and the pay system, as a whole, rewards experience.

Obligation for Time not Pay. A concern for the health professional is whether one should repay an obligation for service of graduate medical education with time (additional service) or if one would repay such obligations with both time and by forfeiting eligibility for special pays during the period of obligation. It is my considered opinion that it is unwise to do the latter.

Absence of Revocation of Privileges. The flip side of modifying behavior though rewards is to take away the eligibility for those rewards (e.g. special pays) if the service member's behavior does not warrant such. While this point may be conceptually clear, operationally it may require redefining an entitlement as being contingent upon acceptable behavior.

Accession and Retention Needs. Pay must be an integral part of any systematic response to the Army's need to access and retain the optimal specialty mix and inventory levels of our health professionals. Any pay plan must be flexible and sensitive to the market place. An example of where we have difficulty responding is in the recruitment of general surgeons. Today, the maximum annual monetary compensation we can offer a board certified general surgeon who graduated from medical school in 1983 is $53,468. The median civilian compensation for that same surgeon is $140,000. With respect to our ability to retain physicians, between 1984 to the present, we have seen a dramatic drop in the retention rate for Army physicians at their initial obligation point.

In conclusion, the Army Medical Department is proud of its service to the nation in peace and war. We are committed to providing quality health care to the soldiers and their families that we serve. The challenge that we face is going to be that of balancing our efforts. We must balance the resources we get and use, balance the efforts we make in day-to-day care with those we make in readiness. The positive side of balancing our daily mission and the readiness mission is the fact that our most sophisticated mission in wartime is the same as our most sophisticated mission in peacetime. It's the care of real patients. We learn how to take care of wartime wounded, not by reading about it, but by taking care of the peacetime injured and sick.

The AMEDD has several initiatives to accomplish both missions. I am committed to maintaining the momentum of those initiatives and also achieving a balance between the two missions.

Mr. Chairman, that concludes my prepared statement. I will be happy to answer any of your questions.

Senator GLENN. Thank you very much. Admiral Zimble, we have your statement. Before you start, I read with interest the article in Navy Times, June 5, 1989, Wayne Matthews describing the Navy's plan to restructure the Navy Medical Department. I am interested in the Navy's initiatives to more fully integrate the medical community in the line of commands which move in the right direction, I think.

The Navy has addressed a number of difficult issues in its blue ribbon panel recommendations, and I look forward to learning of your progress in that area.

Would you proceed, please.

STATEMENT OF VICE ADM. J.A. ZIMBLE, U.S. NAVY, SURGEON GENERAL OF THE NAVY

Admiral ZIMBLE. Thank you very much for the opportunity to appear before you and let me reiterate my predecessor's and my sincere and profound gratitude for your extremely high level of interest and your maintaining high visibility for military medicine.

Many of the initiatives which General Ledford discussed have also been taken aboard by the Navy and, in fact, the three Surgeons General are working very closely with one another wherever we can, for mutual support in assuring that we have a ready force.

When I came aboard 2 years ago I was asked by the then Secretary of the Navy, Secretary Webb, to give an assessment of Navy medicine and to provide a strategy for getting well. I did that with the help of my staff and we put forward a package which emphasized a return to the direct care system.

A great deal of the workload has been allowed to go to the CHAMPUS portion of our program. We are unique in military medicine in that we are both providers of and purchasers of health care and it is incumbent upon us to find that balance that is prudent in the direction for providing that care.

I feel that we need to provide more in the direct care system. Having 40 percent of our facilities go underutilized because we lack the staff makes no sense and where we can demonstrate that we can provide our care less expensively than we can, then it is prudent that we provide it.

We need to make a bigger investment in providers. When I can pay less money and get greater utility, get more value, then that is the way I need to spend it. What I really require is more flexibility in the utilization of the resources that come to the Department of the Navy.

The Secretary of the Navy established a Blue Ribbon Panel that in essence validated most of what was submitted in the Strategy. They examined every aspect of Navy medicine. I was most pleased with the emphasis. I was most pleased with the attention that Navy medicine received, and basically that Blue Ribbon Panel very much cemented a line/staff relationship for Navy medicine that is pointed out well in the Mathews article in Navy Times.

We have established a Management Assistance Team, and a Rapid Implementation Team. Bethesda was established as a flagship hospital so that we could try new methodologies. We could try new ways of doing business quickly and then use it as a catalyst and bring it to bear on the other hospitals within our system.

We are developing meaningful measures of effectiveness, and we have approval for an automated decision support system that will allow us to make the proper decisions on prudent use of our fiscal resources. We will be briefing key congressional staff personnel on how far we have come.

There will be a reorganization. It has yet to be briefed fully to the Secretary, but we anticipated that we will be able to come forward and demonstrate a much closer relationship between line staff, one in which our line colleagues become very sensitive to and appreciative of what is required to deliver health care in the 21st century.

There are many specifics in our various hospitals that are the good news. Let me summarize by saying that over the past 2 years our outpatient visits in our direct care facilities are up 12 percent, that our admissions are up 4 percent over last year, that our nonavailability statements for CHAMPUS for inpatient care have been reduced 3 percent over the last 2 years, and that we are executing within the constraints of CHAMPUS.

This time last year, we were $126 million over, and we spent in excess of $1 billion. This year we have contained the expenditures to less than $1 billion and we are executing within those constraints. We have done a great deal of that with contracting initiatives. I would like to be able to redirect many of our contracting dollars to increased compensation for those who are willing to put themselves on the line in both peace and war.

We do have significant problems in recruitment and retention. I am, of course, very grateful for the 1,200 scholarships that we have available. It allows us to reach out to the most competitive segment of the young, pre-med community. We have the best potential physicians available to us because of that competitive program, along with, of course, the Uniformed Services University. But we have to be able to retain them. We have an obligation to them to assure them a continuum of their education, to assure them a career that is professionally satisfying and professionally rewarding. That means that they have to be satisfied with the care they deliver and proud of the care that they deliver.

They need to have the clerical support and technical support that have been previously addressed, and in addition we have to look at compensation issues. There are many anecdotal examples of differentials in pay which make it absolutely imperative that we address the marketplace in both physician, nurse and in some of the other health care disciplines that have been alluded to previously.

We have a problem with the current fiscal year 1989 Medical Officer Retention Bonus (MORB) that I would like to address. First, the good news. I can share with Mr. Newhall the fact that 49.7 percent of those eligible for the MORB have requested that retention pay. Essentially, 50 percent of all the people eligible for the pay have opted to take it, and 32 percent of them have opted for the 4-year retention bonus.

We have eliminated some people who should be eligible. We have eliminated those who do not have 8 years of credible service. Those people should be included. We have yet to hear from them. We do not know how they would respond, but they represent some people that have a significant importance to Navy medicine and the future delivery of health care.

Many of those who have a 2-year obligation have elected not to take the retention bonus because of ambiguity in the law. They are concerned as to whether there will be a saved-pay provision at the end of their obligations. I think we need to relook at what obligations we are going to extend to those that we retain. I would prefer to pay by level of experience within a given specialty, irrespective of the current obligation or of their current level of credible service.

We have 468 authorized medical billets unfilled in the Medical Corps. We have 531 authorized Nurse Corps billets unfilled. This must be addressed.

My vision is some day a queue that we will have to turn away because the professional rewards that are available within Navy medicine are such that we draw the finest and retain the finest, and I think we will do that with less money.

Senator GLENN. What is your TO on that? You have 468 doctors short, 535 nurses short? What are you authorized?

Admiral ZIMBEL. We are authorized 4,381 on physicians, with a requirement of 4,505 that we hope to obtain in the out years. Nurse Corps, it is around 3,470 I forget exactly. I can have the exact figures for you, Senator.

We need some new initiatives. We endorse many of the initiatives of Senator Inouye, including relief from the Defense Officer Personnel Management Act (DOPMA) for the Nurse Corps, as we have for the Medical Corps and the Dental Corps. We need to relook at the grade strengths and we need to recognize that grade strength in the Nurse Corps is more than a recognition of responsibility, but it also must be competitive in the marketplace.

The authorized figures are 4,381 for physicians and 3,470 for Nurse Corps.

One authorization that I urge is an ability for us to buy out a liability insurance tail for physicians. Current insurance carriers are providing policies which are claims made policies.

The physician is required to actively be participating with a given insurance carrier at the time a claim is made for liability in order to obtain coverage. This frequently threatens the physician's ability to change jobs and certainly to retire. The insurance carriers offer an opportunity to cover a change in locum for the physician by offering the ability to buy out the tail, usually at 100 to 150 percent of the annual premium.

I have several obstetricians who would like to join the Navy. They have insurance tails that range from between $62,000 and $75,000. An obstetrician to me is worth $167,000 of savings in the California area.

In Southern California, for every obstetrician I have on active duty, I am avoiding an annual bill of about $819,000 and a savings of roughly $263,000. By paying the $62,000 tail, I realize a saving in the first year of $201,000 and a saving in subsequent years of $263,000 or $268,000.

That is, of course, one given area which is a relatively high rent district for obstetrical care but my problem today is that I am 41 obstetricians short of my billet authorization.

Without those obstetricians, I am forced to rely upon CHAMPUS or upon partnership agreements or contractual arrangements which are by far more expensive. Then I do not have an obstetrician that I can take to war with me, and I do not have an obstetrician that can meet a nonmobilizable contingency.

The bottom line, if I had more flexibility in the way I can manage my resources, I think that I could provide much more prudent decision making. Thank you, sir.

[The prepared statement of Admiral Zimble follows:]

STATEMENT OF
VICE ADMIRAL JAMES A. ZIMBLE, MEDICAL CORPS
UNITED STATES NAVY
DIRECTOR, NAVAL MEDICINE AND SURGEON GENERAL
DEPARTMENT OF THE NAVY

Good afternoon Mr. Chairman and members of the committee. I am Vice Admiral James Zimble, Medical Corps, United States Navy, Director, Naval Medicine and Surgeon General of the Navy. Thank-you for the opportunity to appear before you today to discuss Navy healthcare and the critical Navy medicine items in the Fiscal Year 1990 Defense Budget Proposal.

This Statement will describe the state of Navy healthcare, identify some areas where we have made significant progress since this time last year, and highlight some of the more pressing issues with which we need your help.

I would like to clarify before starting that all of the budget figures which I will be covering today are from the President's ammended budget submission.

We have some good news. We have made steady progress toward eliminating shortfalls in deployable medical units, the linchpin of our wartime medical readiness. Our quality assurance programs have documented the high quality of the care we provide. We are now implementing our second generation quality assurance program that will streamline and improve our efforts. Most importantly, Navy people still tell us that they prefer to receive their healthcare in Navy facilities; from Navy providers.

All is not good news, however. I regret to say that the likelihood of our beneficiaries' continued access to the system they prefer is fading. We are having ever greater difficulty attracting and retaining high quality people. Our shortage of healthcare personnel is worsening. Mr. Chairman, less than 20 percent of the Navy physician specialists stay with us 5 years after they reach their "stay or leave" decision. This has serious implications for our training programs in that we are experiencing an unacceptable dilution of our experience level. Our good, young physicians are without the counsel and wisdom of senior physicians--attributes which are developed after years of experience. These startling statistics make it clear that we must improve retention.

These losses engender most of the initiatives you will hear today; initiatives directed towards attracting good people and retaining those good people who are now serving.

I must also tell you at the outset that mine is not a "gloom and doom" assessment or a "sky is falling" plea for help. We have serious problems that require sober analysis and treatment. But they are treatable; and with modest, not huge investments. We need your commitment to work with us for the long haul.

Overview of Navy Medicine

The Navy healthcare system exists to provide prompt and effective medical care to combat forces in time of conflict and to maintain the health status of active duty members in peacetime. Successfully accomplishing this mission contributes directly to the Navy's ability to sustain combat operations.

During peacetime we provide healthcare services to authorized beneficiaries using resources that will be needed during war. Dependents of active duty personnel and retirees and their dependents are provided healthcare to the extent resources will permit. Although our active duty personnel must receive first priority for medical services, it is by providing care to the remainder of our beneficiary population that our physicians gain the greatest experience, thus enhancing the Navy's ability to retain its quality professionals.

Our direct care system consists of hospitals and clinics managed through Medical Commands. The Naval Medical Command is responsible for the operation of 33 hospitals and three branch hospitals in the United States and overseas (four of which are comprehensive teaching hospitals and another four are family practice teaching hospitals), 200 medical clinics, and 172 dental treatment facilities. These are exclusive of facilities on U. S. Navy ships or in organic Marine Corps units. The Naval Medical Command also oversees medical research, investigating issues which will keep naval forces healthy and able to carry out their mission. This is accomplished through the Naval Medical Research and Development (R & D) Command in Bethesda, Maryland. The Medical R & D Command has the responsibility for the Naval Medical Research Institute, Naval Health Research Unit, Naval Dental Research Laboratory, the Naval Medical Research Units, the Naval Biodynamics Medical Laboratory, the Naval Submarine Medical Research Laboratory, and the Naval Aerospace Medical Research Laboratory.

Also under the aegis of the Naval Medical Command are the Naval Aerospace Medical Institute, the Navy Ophthalmic Support and Training Activity, the Naval Medical Data Services Center, the Naval Medical Materiel Support Command, the Navy Environmental Health Center, and the Naval Health Sciences Education and Training Command. The Navy Environmental Health Center is the Navy's equivalent of the Public Health Service's

Centers for Disease Control. It is responsible for tracking infectious disease, for preventive medicine measures, and for environmental and occupational health.

The Naval Health Sciences Education and Training Command (HSETC) operates the Naval School of Health Sciences and Hospital Corps schools. HSETC trains medical personnel and oversees outservice and inservice training programs.

We do people repair. This is maintenance, an essential logistics function with amazing similarities to the mission the shipyards perform; only more intricate, a lot more personal, and much more personnel intensive. Fifty-one thousand active duty and civilian Navy medical department personnel are available to staff our facilities as well as meet the operational requirements of the Fleet and Marine Corps. While these personnel represent fourteen percent of the Navy's officer end strength and six percent of the Navy's total active duty and civilian end strengths, our staffing levels fall short of the burgeoning healthcare demands. Over three and one half billion dollars are spent annually to fund our various activities. Paradoxically, while 75% of our facilities are underutilized due to staffing shortfalls, nearly one third of this sum pays CHAMPUS claims.

For the past several years patient workload has been shifting from in-house to CHAMPUS. Navy outpatient visits decreased 21 percent and admissions 17 percent between FY-85 and FY-88. CHAMPUS outpatient visits increased 78 percent and admissions 42 percent over the same period.

Five factors contributed to this shift in workload:

o A changing beneficiary population. Department of the Navy manpower has increased 12.8% since 1980. Not only has the active duty population grown in size, its composition has changed. Active duty members are more likely to have dependents and the retired personnel and their families are becoming increasingly older requiring more intensive and expensive healthcare for illnesses of longer duration.

o The impact of our quality assurance program. In the early 1980's the Navy intensified its quality assurance (QA) program. While the QA program has, unquestionably, improved the quality of our services, it has drawn providers away from the delivery of care.

o Ever present operational requirements. Navy healthcare providers must also support extensive forward-deployed operational requirements. Fully 14% of all Navy physicians and 28% of all hospital corpsmen are assigned to afloat Navy or deployed Marine units.

o The increasing cost to deliver healthcare. The Navy faces the same systemic financial pressures faced by the private sector. Specifically, medical inflation is significantly greater than increases in the Consumer Price Index. The in-house portion of the medical budget has not fully reflected this higher inflation rate, resulting in restricted in-house workload capability. In addition, advancing medical technology requires continual investment in state-of-the-art equipment and techniques. New capabilities lead to new demands without any noticeable reduction in prior demand.

o The advent of new requirements. Recent initiatives such as performing pre-physical fitness exams, conducting HIV testing, and treating HIV positive individuals have reduced the amount of healthcare that could otherwise be provided. Students with special needs in the Department of Defense Schools are particularly deserving of our services; however, support for this very small population has required the investment of significant resources.

The shift from in-house treatment to CHAMPUS created many problems. Concomitantly, other pressures developed due to fiscal and policy decisions. As a result we have experienced extraordinary medical personnel recruiting and other personnel problems, skill training shortfalls, obsolete equipment, and poor facility utilization. The most significant areas of concern are addressed below.

o Navy's Graduate Medical Education Program (GME). GME plays a crucial role in recruiting talented medical personnel into the Navy and retaining them with the offer of training for a medical specialty (e.g., general surgery). Navy GME graduates are also the primary source of wartime critical skills physicians. The shift in workload from in-house to CHAMPUS limits the number and variety of cases referred to the teaching facilities thus reducing the range of training experienced by the physicians under instruction. Problems with retention of senior, experienced medical personnel put our graduate medical education programs in grave risk.

o Financial impact on beneficiaries. Retirees and their dependents, survivors, and active duty dependents can obtain healthcare from a Navy medical facility for a nominal cost ($8/day) or obtain the necessary care in the private sector. The provider or the beneficiary can seek payment/reimbursement from CHAMPUS. CHAMPUS will pay up to 80% of the allowable charges above the deductible, while the beneficiary pays the balance. The recently approved catastrophic care provision limits each family's annual out-of-pocket expenses to the deductible, plus $10,000 for retirees, or $1,000 for active duty dependents. However, expenses below this amount place considerable strain on the budgets of retirees living on fixed incomes and junior sailors and marines with families to support.

o Navy's financial burden increased. The Navy must pay both in-house and CHAMPUS healthcare costs. Since the government cost of providing care under CHAMPUS is greater than providing that same care in-house, the overall cost to Navy has increased as the CHAMPUS costs have grown. Indeed, CHAMPUS costs increased 46% from 1985 to 1987.

o Reduced morale and retention. The inability of Navy medicine to provide balanced in-house care to its beneficiaries has affected morale and retention within the Navy Medical Department and may well become an issue for the Navy and Marine Corps in general. Beneficiaries are frequently frustrated with the current state of Navy medicine. As you might imagine, it is extremely frustrating for a trained medical provider to be unable to perform simply because of a lack of resources.

The Navy has taken a number of steps to improve Navy medicine during the last two years. The FY-88/89 Navy Medical Plan, submitted to Congress in July 1987, sought congressional support (subsequently approved) for future medical end strength growth and a major peacetime contracting program which grew from zero in FY-87 to $16.2M in FY-88 and $88.7M in FY-89. For FY-90 we seek $138.7M.

The Navy also recognized problems associated with the physician recruiting process. Remedies included streamlining the administrative processing of physician applications from over one year to less than 90 days, adding more recruiters, and increasing recruiting incentives for physician accessions. Our initial results are promising.

The Navy developed a long-range Medical Strategy in September 1987 to improve use of existing facilities through additional peacetime contracts, more NAVCARE clinics, and new Fleet Surgical Teams to minimize disruptions caused by operational needs. Despite a constrained fiscal environment Navy has made resource allocation decisions for FY-90 through FY-94 which allow significant progress in executing this strategy. Another significant effort to attack medical personnel issues was the formation of a Medical Flag Level Steering Group to assess declining retention. This group recommended several compensation changes for nurses and physicians, some of which were addressed in the FY-89 Defense Appropriation Act. Others are under consideration.

While we still face serious problems, I am optimistic about our ability to solve them. The source of my optimism is the investment made by the line Navy and our Secretary. I am pleased to report that the Navy line leadership has taken on our problems with resolute determination to be a full partner in solving them. Admiral Edney, the Vice Chief of Naval Operations, has taken a hands-on approach to helping us and has made it perfectly clear that a problem in Navy Medicine is his problem. The most immediate tangible result of this position is that through the activities of the Department of the Navy Medical Blue Ribbon Panel, management talent at the highest levels throughout the Department is being brought to bear on fixing Navy Medicine.

BLUE RIBBON PANEL

In May 1988 the Secretary of the Navy established a Department of the Navy Medical Blue Ribbon Panel (BRP) to recommend actions that would improve access to Navy hospitals and clinics for all beneficiaries, reduce the dependency on the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), and revitalize Graduate Medical Education. The objective was to achieve these results through better use of Navy hospitals and clinics, while providing the necessary capabilities to meet Navy and Marine Corps wartime medical requirements.

The Vice Chief of Naval Operations chaired the Blue Ribbon Panel. Other members of the Panel included the Assistant Secretary of the Navy (Manpower and Reserve Affairs), the Navy Surgeon General, a senior Marine Corps representative, and the most senior Navy line officers responsible for logistics, financial management, and manpower. The Panel also included a prominent civilian physician.

The Panel studied several important Navy Medical Department management issues including: (1) Organization and Management; (2) Clinical and Operational Medicine; (3) Manpower, Personnel and Training; (4) Contracting; (5) Budget Execution; and (6) Equipment Procurement and Maintenance. These task forces identified specific topics, formulated alternatives, and prepared final recommendations on 76 issues. Six general conclusions emerged from the findings of the Task Forces:

o Navy medicine must focus on increasing its in-house capability through optimal use of existing Navy hospitals and clinics. This will not only reduce CHAMPUS costs but will also maintain wartime readiness.

o Navy medicine must assign GME top priority. GME remains the foundation of the Navy healthcare system. It must receive first priority manning for Navy's top physicians and other providers. A full and vigorous GME program safeguards both peacetime and wartime capability.

o Navy medicine must develop measures of effectiveness. We have no truly effective means of measuring individual or system performance. We must implement approved criteria, establish a baseline, set annual goals, and track progress.

o Budget realities preclude adding unlimited dollars and end strength. Navy must carefully consider initiatives to improve Navy medicine to ensure cost effective solutions. Budget constraints preclude attempting to solve the problem by simply adding additional resources.

o We must document and communicate meaningful improvements in Navy medicine. This is needed to improve the perception of the Medical Department within the Navy and vigorously instill lost pride . The Department of the Navy must demonstrate to its Medical Department, sailors and marines, beneficiaries, and the Congress that visible changes can and will occur as a result of the Blue Ribbon Panel actions.

o Maintain the Blue Ribbon Panel and Flag Officer Working Group. While some Blue Ribbon Panel initiatives are already implemented, many will not reach fruition for a year or more. The Blue Ribbon Panel/Flag Officer Working Group will monitor the implementation of these initiatives pending subsequent review.

Some of these recommendations will require additional resources, money and people, to implement. We are investing in those initiatives that make good business sense; those which provide a reasonable return on investment. As the initiatives are implemented, the costs will be monitored and execution plans adjusted to implement as many initiatives as possible with the funds available.

Success of this effort, and the necessary improvements in Navy medical care, will require continued oversight to identify and solve medical problems. The Blue Ribbon Panel will monitor execution of these initiatives and address emergent issues.

The Blue Ribbon Panel has put in motion many actions which will improve access to Navy healthcare facilities, reduce Navy medical costs, and revitalize Graduate Medical Education. Some results have already been seen; others will take time to be realized. It must be recognized, however, that these are being done with only one goal in sight: to provide the best healthcare to all Navy beneficiaries.

We have already begun to implement prototype solutions based on many of these recommendations at the National Naval Medical Center, Bethesda, Maryland. The Medical Center is being made a center for excellence in Navy Medicine. As the management strategies we implement at the hospital prove successful they will be exported to our other hospitals. A Rapid Implementation Team composed of senior, tested, experienced medical and line officers is at work turning the situation at Bethesda around. They are eliminating the equipment purchase/lease backlog, hiring civilian personnel into vacant positions, and implementing contract nurse support at the hospital. Seven new records clerks have been hired and automated laboratory support to the wards has been increased. These are all initiatives we hope to export to our other hospitals. A long range planning office has been established at the medical center to encourage institutionalization of these changes. Innovations that work at Bethesda or other Navy hospitals will be exported to the other treatment facilities through the Medical Command and the newly established Management Assistance Teams. The teams are available to Commanding Officers to help analyze and solve problems.

MEDICAL DEPARTMENT PERSONNEL

Our personnel strategy is really quite simple. We seek to have motivated people performing the tasks they are trained to perform. Physicians will see patients; nurses will provide nursing care and train our corps staff; corpsmen will support all aspects of Navy Medicine; professional managers will manage our daily activities, and highly selected senior officers will be challenged to take on the leadership responsibilities of command. To accomplish our goals we must first recruit, then train, and retain quality people. We are loosing ground in trying to attain this goal.

ONBOARD PERSONNEL

	FY88	FY89*	NET GAINS/LOSSES
Medical Corps	3929	3873	- 56
Nurse Corps	3068	2430	-538
Dental Corps	1679	1674	- 5
Medical Svc Corps	2534	2510	- 24
Physician Ast.	238	223	- 15

* End of April 1989

So far this year, our losses continue unabated with the worst shortages in the Nurse Corps.

We have had variable success with meeting our recruiting goals.

RECRUITING SUMMARY

	FY88		FY89	
	GOAL	ATTAIN	GOAL	ATTAINED*/PROJECTED
MEDICAL	150	86	241	74/100-120
DENTAL	81	61	90	69/60
MEDICAL SVC	141	206	273	157/175-200
NURSE	376	235	416	177/250-300

(* Includes selections plus pending selections.)

It does not now appear likely that we will meet the challenging goals we set for this year. This is not for lack of trying. Medical recruiting positions have been increased from 30 to 93. We are developing plans to streamline the process for recruiting for physicians. Essentially, we will adopt much of the program the Navy now uses to recruit nuclear power officers--a sort of one stop shopping for medical officers. Additionally, we are increasing the availability of out service training positions for medical corps officers and the number of Health Professions Scholarships. These programs will help us continue to ramp-up in recruiting. This in turn will make the work environment more attractive and positively contribute to our retention goals.

MEDICAL OFFICER RETENTION BONUSES

The Navy has experienced a well documented precipitous drop in retention of high quality, specialty trained physicians needed to meet the rapidly increasing demand for medical care from active duty, dependents, and retirees. The FY-89 Medical Officer Retention Bonus was developed as a stopgap measure to retain specialty trained physicians until legislation for a new physician compensation plan designed to attract and retain physicians on active duty is developed.

The Medical Officer Retention Bonus, developed by ASD(HA) provided the highest bonuses to medical specialties with the largest pay differential between military and civilian net income. Physicians in primary care specialties (Internal Medicine, Pediatrics, Psychiatry, Pathology, Neurology, Family Practice, Occupational and Preventive Medicine, Aerospace and Undersea Medicine) where differentials from the civilian sector are less, were to be offered a much smaller bonus in the widely publicized ASD(HA) plan. Subsequently, the Department of Defense removed the retention bonus for all of these primary care specialties; the physicians who, in large part, manage our patients' care from their initial visits to subsequent referral.

In reviewing the need for a new medical compensation plan for FY-90 and beyond, DOD is studying the 1980 legislation, current peacetime and wartime requirements, medical officer retention trends, compensation levels for civilian physicians, and environmental factors affecting military physicians decisions to stay with or leave their respective medical departments.

Several other steps have been taken to try to improve accession and retention of physicians. First, we have increased the number of health professional scholarships from 1175 to 1200. This will allow us to continue to be highly selective in choosing students. We will be recruiting from the top of the market. We also plan to award 15 Navy Reserve Officer Training Corps (ROTC) scholarships in addition to the 15 Naval Academy graduates we place in medical school. All of these programs in combination should help us reach our goal of increasing physician end strengths from 3929 to 4505 over the next five years.

THE NURSING SHORTAGE

The effects of the physician shortage are compounded by a shortage of registered nurses. Like our colleagues in the private sector and other federal health systems, we are having a very difficult time recruiting qualified nurses. Our problems are exacerbated by our inability to retain them. As with our physician professionals, we find that we must improve the way we compensate our nurses. We are looking at various ways to solve this problem--some of which involve innovative and competitive recruiting programs and some of which are common-sense measures.

We have developed or are developing several programs which will help us attract more nurses into the Navy. First, we have increased the age of accession to 40 for active component nurses and up to 47 for reserve component nurses. Hopefully, this will help us attract civilian nurses who already have the skills and expertise we need in our medical treatment facilities. These are both actions we wish to continue. Secondly, we are including nurses in ROTC. We are revitalizing the medical enlisted commissioning program, which has a proven track record of attracting, and then retaining, high achieving corpsmen and dental technicians into the Navy nursing profession. We are also seriously considering adding a technical level of patient care provider to our present categories which brings associate degree nurses into our system. As you know, we have resisted recruiting into the Navy Nurse Corps any nurses who are not classified as "professional nurses", that is, registered nurses with baccalaureate degrees. I have concluded, and the Navy's nursing leadership agrees, that it is time to explore every possible alternative to our traditional approach. If very carefully managed, we might be able to achieve some real gains from a program which brings associate degree nurses into our system. The program must be designed to permit, encourage, and support these technical nurses to advance their careers through further education and through advancement in the Navy to full, commissioned status.

We are adding a new specialty for our corpsmen, the advanced care technician. The advanced care technician program will provide seasoned, qualified enlisted personnel advanced training in bedside patient care so they act as nurse extenders, providing nursing care expertise in most medical settings. Trained and supervised by nurses, the career track of these corpsmen will include progression, by further education, eventually to commissioning in the Navy Nurse Corps.

Another area of special concern is a situation which prevents us from taking full, and I think potentially substantial advantage, of the constructive service credit authority granted by Congress. Properly used, this authority would allow us to bring nurses into the Navy as lieutenants, or even lieutenant commanders. Unfortunately, we are effectively constrained in exploiting this authority by officer grade strength limitations.

THE ACCESS CHALLENGE

The manpower shortages and increasing support roles I have so far addressed affect our patients by decreasing their access to healthcare services in our facilities. This creates a serious challenge to the Navy to increase access to services without "busting the budget".

When we ask our people their views about the Navy healthcare system they respond in two ways. First, they say they much prefer to receive their care in Navy treatment facilities. Second, they tell us they can't get into the system--they don't have access to the care they seek. We have taken, and are continuing to take, a range of actions designed to significantly increase access to our system.

The NAVCARE clinics we initiated in 1987 remain a popular alternative to our own treatment facilities and help relieve the pressure on those facilities. In Fiscal Year 1988 we provided about 330,000 visits through these clinics at an average cost of about $60.00. The average cost of the nearly one million visits budgeted for fiscal year 1990 is just over $48.00. While there are no Navy uniforms working in these clinics, there are plenty of Navy families receiving care at them. Today there are ten active clinics, with Norfolk and San Diego each having two. These ten clinics are contractor owned and contractor operated. Beginning with the budget you are now reviewing, we plan to open contractor operated clinics in government owned facilities. These facilities will provide the same easy access and high quality services now provided in our contractor owned facilities, but, at a reduced cost to the government. The first of these will be located in Mayport, Florida.

We have also made progress using our contracting initiatives. Emergency room and ambulatory care service contracts have been established at 19 of our facilities. We are also contracting for other important primary care functions like obstetrics and gynecology services, family practice, internal medicine and pediatrics. These contract initiatives will provide an additional one million visits to our system, and free-up medical staff for other high workload areas.

Contracting has also given us some badly needed temporary relief from our nurse staffing problem. Fourteen nursing contracts have been awarded at several of our major hospitals. We have found that even though we may pay an individual contractor employee more than we might pay a sailor or civil servant to do the same job, we still save money by avoiding the costs we would otherwise incur in CHAMPUS. However, one of the biggest disadvantages of this type of contracting is that we have personnel performing the same functions being paid vastly different salaries. The paradox of contracting is that the solution becomes part of the problem. It is not at all unusual for a private firm with whom we have an active contract to recruit our physicians and nurses. Consider the following entreaty sent to one of our active duty physicians, Dr. Higgins, regarding a position at the Naval Hospital, Camp Lejeune, NC:

> Forming nine-physician family practice group for military population. Net compensation will be a minimum of $120,000 (base plus incentives). Physicians will cover weekday clinic hours from 7:30 A.M. to 4:00 P.M. NO WEEKEND OR EVENING CLINICS. [Emphasis included by advertiser]

Dr. Higgins was offered a similar position at the Naval Medical Clinic, Norfolk, Virginia. By the way Dr. Higgins is Rear Admiral Higgins, Medical Corps, U. S. Navy, the Medical Officer of the Marine Corps.

Our pharmacies are among our more popular and expensive services, demanding an inordinate portion of our resources. We are looking closely at demand patterns to improve both service and efficiency.

At San Diego, the pharmacy is one of the specific areas where we have effected improvements. We opened a branch pharmacy at the Naval Station on May 1st. This is far more convenient for our patients and significantly relieved the congestion in the parking lot at the main hospital. In addition, we have increased the use of the operating rooms; surgical procedures are up and CHAMPUS costs are down. Our overall inpatient census is up also. The hospital has an average occupancy of 441 beds--up from 350 a year ago; the goal is 450.

Several innovative concepts have been implemented at Portsmouth Naval Hospital. We are taking advantage of the partnership program which allows us to bring providers in house and reimburse them through CHAMPUS. We are also working on establishing external partnership arrangements under which uniformed physicians provide services, such as surgery, to military patients in civilian hospitals. The physicians' fees are not billed to CHAMPUS, our physicians hone their skills, and our patients receive appropriate, timely care.

Similar partnership arrangements have been made at the Naval Hospital, Charleston, South Carolina. Additionally, Charleston is the site for the Navy Catchment Area Management demonstration. Our plan is being considered by the Office of the Assistant Secretary of Defense (Health Affairs), and we are confident it will be approved. We plan to see our first patient under the umbrella of the demonstration project on 1 October 1989. I believe this project foretells the future of military medicine. Local problems, and opportunities, will be solved/exploited by a management team intimately familiar with the local situation and under the direction of the hospital Commanding Officer.

At Camp Lejeune, the Commander is saving about $1 million in CHAMPUS costs through a variety of productivity enhancement initiatives. All staff meetings have been scheduled outside of patient care periods--making nearly 350 physician practice hours available for patient care. A well-baby clinic has been established and sees over 300 patients each week. A highly successful mental health service has been established. The new service avoids CHAMPUS costs, and provides badly needed mental health support services to Marine Corps families.

We are very excited about the model family practice hospital being set up at our hospital in Newport, Rhode Island. This is a real test of our ability to work with the private sector resources in our communities. The hospital will be the locus of outpatient and routine follow-up care for our patients. When they require hospitalization, they will be admitted, by Navy physicians, to what would otherwise be idle facilities at the civilian hospital in town. We think this makes a great deal of sense for all concerned.

MEDICAL READINESS

We have augmented our capacity to support the fleet with the development of Fleet Surgical Teams. Two teams have been assigned to each coast. When a team is not deployed it will be assigned to the hospitals in Portsmouth or San Diego. Each multidisciplinary team has 21 members. These teams relieve our hospitals of the burden of continually providing personnel for routine medical operational readiness support for planned deployments and removed one of our principal irritants, the need to pull people assigned to our hospitals and clinics to support routine deployments.

Our ability to support our combat forces medically in major conflicts or other crises rests in part on an appropriate inventory of deployable medical units (DEPMEDS). These units--the hospital ships and fleet hospitals--will give us the ability to provide medical support close to the site of conflict, the flexibility to tailor medical capabilities to mission requirements, and the responsiveness to provide medical care when and where it is needed. Strategically, they form the foundation on which our medical readiness and operational support is built and contribute in a very real sense to our overall defense posture.

The first of two highly sophisticated, state-of-the-art hospital ships, USNS Mercy (TAH-19), was delivered to the Navy in December, 1986. The second ship, USNS Comfort (TAH-20), was delivered in December, 1987.

The primary mission of the hospital ships is to have available a mobile, flexible, rapidly responsive afloat medical capability to provide acute medical and surgical care in support of amphibious and surface warfare task forces. The hospital ships can:

- Receive by means of helicopter or small boat transfer (while anchored) patients suffering from wounds, diseases, or other trauma;
- Provide onsite emergency and recuperative care to patients until they can be returned to duty or evacuated to fleet hospitals, overseas fixed medical facilities or to the Continental United States (CONUS) for further treatment;
- Provide 12 operating rooms and 1,000 beds and associated medical support per ship (80 beds for intensive care, 20

beds for recovery, 400 beds for intermediate care, and 500 beds for minimum care); and,

- Deploy within 5 days from issuance of sailing orders.

While awaiting the requirement for their service in an operationally related mission, the ships will be maintained in reduced operating status (ROS) in a CONUS port; USNS Mercy is berthed in Oakland, California and USNS Comfort is berthed at Baltimore, Maryland. While in ROS, the ships will be manned by a Military Sealift Command civilian crew and by a Navy cadre of medical and non-medical personnel; a total of 51 personnel. These personnel will become part of the staffs of each ship during periods of full operating status (FOS).

Within five days from issuance of sailing orders, the hospital ships can be fully ready for deployment. When in full operating status, the medical treatment facility will be manned with a staff of approximately 1200 personnel. These personnel will be transferred from shore-based commands, primarily Naval hospitals and dental clinics, to fill the billets when the treatment facility is activated.

The other major element of our deployable units is the fleet hospital. Nine of our fleet hospitals have reached initial operating capability. Four more will come on line this year giving us a total of 8000 beds ready for use. The first three fleet hospitals achieved initial operating capability (IOC) during FY 1987. Five additional hospitals reached IOC in FY 1988. Delivery of these facilities provides an additional 2500 deployable hospital beds.

Fleet hospitals will be prepositioned at or near the point of planned operations to help ensure quick activation. When prepositioned afloat, the hospitals will be placed aboard commercial vessels chartered by the Military Sealift Command. These vessels, used as floating warehouses, will deliver hospitals to designated ports when directed. Fleet hospitals positioned ashore will be warehoused in CONUS or overseas at specifically identified sites in host nations. Navy has aggressively pursued its host nation support program to establish firm agreements and dates for prepositioning fleet hospitals throughout the world.

The Defense Department's Fiscal Year 1990 budget request includes $39.4 million in military construction funds to build fleet hospital storage facilities. We urge your support of this critical link in the program.

As DEPMEDS come on line, training of our personnel to man the platforms becomes an important priority. Fleet hospital operations training is presented at the Naval School of Health Sciences, San Diego Detachment, Camp Pendleton, California. This course is designed to teach fleet hospital staff members the principles of hospital assembly and operations in a combat environment. To reach initial operating capability (IOC) at least 40% of the hospital staff must be trained. The remaining staff will be trained as soon as possible after delivery of each hospital. To the extent that resources permit, we plan to provide refresher training every third year.

MEDICAL READINESS STRATEGIC PLAN

We continue to work with the Office of the Assistant Secretary of Defense (Health Affairs) and the other Services on implementing the Medical Readiness Strategic Plan. Several significant action plans have already been completed. These include professional association agreements, military medical skills training, graduate medical education, combat casualty care course expansion, and wartime medical equipment purchasing items. In all, nearly sixty percent of plan milestones and tasks had been completed by December, 1988.

HIGHLIGHTS OF THE FISCAL YEAR 1990 BUDGET REQUEST

The budget you are now reviewing requests resources which are vital to our efforts to improve the Navy healthcare system. We plan to continue to invest in our contracting initiatives so we can increase access for our patients and avoid the costs of CHAMPUS. We will begin rebuilding the Navy's physician assistant program with this budget. Funds are requested to support 140 additional physician assistants who will provide basic level primary care health services to our people thereby relieving physicians to perform more complex medical procedures. With the implementation of our Healthcare Finder Program we will stop the cruel practice of "disengaging" our patients and begin the traditional medical practice of referring our patients to known qualified medical professionals who have the skills our patients require when we can not provide those services. We will be hiring 118 additional medical technicians to help us improve the efficiency of operations of our laboratories so that we can get needed test results to our clinicians in less time.

To help us attract physicians we request funding to support an additional 150 medical scholarships, and to support Navy graduate medical education faculty development through outservice training. These fellowships will help us create a mix of faculty subspecialties to meet accreditation standards.

I would also add a thought about another item which appears in Defense Agency Military Construction rather than Navy's budget--the replacement of the Naval Hospital in Portsmouth Virginia. Our hospital at Portsmouth is badly in need of replacement. The project has been economically studied and space planned for minimum essential needs that will allow us to recapture CHAMPUS referrals, continue to train our physicians in this intense clinical environment and, primarily, replace a facility that is in serious need of replacement. I urge your support for this construction project.

CONCLUSIONS

Because of the combined effects of your support, the dedicated hard work of Navy personnel, the clearly articulated goals of Navy top management, the activities of the Blue Ribbon Panel and the patience of our beneficiaries, we are seeing some encouraging indications that some of our long term efforts are beginning to pay off. Access to care is improving. Outpatient visits have increased 12 percent over the past two years. In the last year we have managed to increased admissions to our hospitals by 4 percent while continuing to reduce our length of stay. This has brought with it a 3 percent reduction in non-availability statements. For the first time in recent memory the CHAMPUS program is performing as forecast. I think there is reason for cautious optimism, but I agree with the following assessment by the Vice Chief of Naval Operations at a recent Naval Institute Seminar.

> Make no mistake about it, Navy Medicine was, and is, in a state of crisis--the solutions are complex and must be applied over the long haul with the focus of the entire Navy leadership team, the Congress, and the support of both our care providers and those provided for. There are no quick and no easy fixes.

We have set in motion the changes needed to fix our system for the long haul. The Navy line is fully committed to supporting us. The workload data strongly suggests that our patients are beginning to come back to us. We must have your continued support if we are to be successful. The budget proposal we are here defending requests only what we think we need to fix our system. I am committed to doing whatever is necessary to solve our long standing problems. The line Navy wants a medical support system they can once again put forward as a valuable benefit. The Navy and Marine Corps families that depend on us have been extremely patient and are beginning to benefit from increased access and the heightened morale of our providers. You and your colleagues have been very helpful. We are all grateful for that help. We now need your help with this budget.

Thank you again for your support and I look forward to working with you over the coming year.

Senator GLENN. Thank you very much. General Miller.

STATEMENT OF LT. GEN. MONTE B. MILLER, SURGEON GENERAL, U.S. AIR FORCE

General MILLER. Mr. Chairman, I am privileged to be here, and I am privileged to lead the Air Force Medical Service, some 55,000 professionals that operate a comprehensive health care system, and we provide services to over three million of our Air Force people all over the world.

I have submitted a statement, sir. My colleagues have been eloquent in their statements, and I will be very brief, as a consequence.

We have an integrated mission balanced in peacetime and wartime requirements. Our work today is as crucial as it would be in wartime. I will very briefly discuss our progress in the Air Force in medical readiness and in improving accessibility to health care services. I will touch on my retention concerns, concerns over our construction program, the quality of Air Force health care, the financial outlook and health promotion.

Medical readiness continues to be our first priority. Our capabilities to do our job in wartime are greatly improved. We must continue to increase and modernize our war reserve material assets.

The greatest challenge facing Air Force health care right now is making quality care most accessible to our patients. We have introduced a number of improvements, including sharing agreements with the V.A., partnership programs with civilian providers, and the opening of our first Air Force Primus clinics.

Our greatest potential for improving accessibility is through locally managed health care programs. Retention of critically needed specialists is a growing concern in our Air Force. While overall retention was stable in fiscal 1988, we continued to experience problems in certain specialties.

The medical officer retention bonus has appealed to 42 percent of our unobligated physicians who have agreed to accept the bonus. However, we know that many of those individuals who have accepted the bonus to date were already career minded individuals who likely would have stayed anyway. We have not heard from the critical group of physicians who will not be eligible for the MORB until they achieve 8 years of credible service this summer, and that group is the true group we need to target.

We are at a strategic turning point in how we are attempting to refine the physician system. It is crucial that we select the most fiscally prudent and effective approach in revising the structure, and we believe a relatively simple structure for the revised pay plan would be the most effective.

First, we need a basic medical pay paid monthly that recognizes the value of a physician to the service that would replace variable special pay and additional special pay without the contract provision. And, second, we feel we should continue board certified pay to encourage physicians to achieve this indicator of excellence. And, finally, we need a specialty-based pay to partially reduce the disparity between military and civilian specialty incomes.

I am also concerned about nurse recruiting and retention. We have achieved only 45 percent of our fiscal 1989 recruiting goals. I share my colleagues' concern about ancillary support and would note that the line of the Air Force has been more than generous in sharing growth in that the Medical Service has grown disproportionately to the line considering manpower ceilings which remain as one of the considerable constraints.

Another focal area is the quality of Air Force medicine. Our goal is to maintain and enhance the quality through aggressive quality assurance programs and by recruiting and retaining top notch professionals. Quality care is obviously dependent on quality people with quality training. Most of our physicians come from the top 25 percent of their medical school classes. Seventy-five percent of Air Force physicians are board certified versus 55 percent in the civilian sector. Air Force trained physicians specialists taking national board exams place well above the national average, and many of our training programs are nationally ranked.

As has been noted, Health Profession Scholarship Program and the Uniformed Services University of the Health Sciences are tremendous assets to this country in that regard. Continued funding for facility construction and renovation programs is essential in our effort to improve patient access to care and reduce growing CHAMPUS expenditures.

We remain committed to a strong construction program, and we are working with the Defense Medical Facilities Office to correct longstanding construction deficiencies, many due simply to time.

Twenty, 30 years ago two thirds of our business was inpatient service. Today it is just the opposite and those design deficiencies hurt us. Fiscal year 1988 was a lean year for us. Fiscal year 1989 has been an improvement. We in the Air Force are still facing a $99 million shortfall in the CHAMPUS program. Reducing CHAMPUS costs to specialists is a special challenge. The recently approved CHAMPUS alternate use program will help expand services at selected bases and thus makes sense.

This year our relatively young Air Force Medical Service celebrates its 40th anniversary. We have grown and prospered because of the talent, persistence, and commitment to the pursuit of excellence by our people. I recognize that military medicine today faces many challenges, but our dedication to health care needs in the military family have not changed. We will continue to improve our readiness posture, work hard to provide the best in health care services, and yet our continued success obviously depends upon adequate resources, money, material, manpower. Your support and understanding will meet our objectives, and I will be happy to answer any questions. Thank you.

[The prepared statement of Lieutenant General Miller follows:]

STATEMENT OF: LIEUTENANT GENERAL MONTE B. MILLER
The Surgeon General
United States Air Force

Mr. Chairman and members of the committee, it is my pleasure to be here today to discuss Air Force health care. I am privileged to lead an organization of more than 55,000 top-notch professionals who operate a comprehensive community health care system providing services to over three million people throughout the world.

I'm often asked, "How do you balance peacetime and wartime requirements?" My response is that we have an integrated mission. Our work is as crucial today as it would be in wartime. We practice our wartime skills every day by providing care to patients. However, if we should deploy, everyone in the Air Force Medical Service would have a job to do.

Today I want to discuss our progress in medical readiness and in improving accessibility to health care services, my retention concerns, our construction program, the excellent quality of Air Force health care, the financial outlook, and health promotion.

Medical Readiness

Medical readiness continues to be my first priority. Our Medical Service remains committed to the deterrence of war through operational support of our fighting forces. Optimum combat medical support depends on peacetime readiness for wartime effectiveness. To prepare for the treatment of the sick and injured during wartime, we operate a comprehensive health care system in peacetime to ensure that our medical response for wartime is ready and rapid.

Prepositioning war reserve materiel (WRM) assets overseas is a major component of our readiness program. By prepositioning contingency hospitals and other collateral assets, we will have medical facilities available to treat and evacuate casualties. Additionally, we will conserve critical airlift resources for the movement of other items required to support combat operations.

We now have an initial operating capability at Kimhae Air Base, Republic of Korea, with a pre-engineered metal building configured to store and operate a 500-bed contingency hospital, a 250-bed aeromedical staging facility, and a blood transshipment center. This hospital will be the major U.S. Air Force contingency facility available to care for casualties on the Korean peninsula.

Throughout the European Continent and the United Kingdom, we now have in place fourteen 500 bed contingency hospitals, 6 blood transshipment centers, 13 aeromedical staging facilities ranging from 50 to 250 beds, and 37 second echelon facilities.

By 1991, we will have the specialized kits needed to reconfigure 94 Boeing B-767s and 33 McDonnel Douglas MD-80s for the aeromedical evacuation mission. In time of need these aircraft will be made available by the civilian airlines to support our aeromedical evacuation mission and provide a dedicated resource for casualties who must be returned to the CONUS for further care. These newer aircraft will also relieve the demand that aeromedical evacuation places on our C-141 aircraft.

This fall we will start full-scale procurement of the SCPS-M -- Survivable Collective Protective System - Medical -- a blast hardened, chemically-protected medical treatment facility that will be buried underground at both Pacific and European air bases to provide second-echelon care to combat casualties. A specialized training program will be initiated concurrent with the acquisition of this asset to ensure that our capability to use this new technology is achieved in minimum time.

We are about to embark on the most ambitious field medical readiness training program in Air Force history. Phase III of our Medical Red Flag Program will begin next fiscal year and will train personnel assigned to deployable medical units in the use of our new prepositioned medical assets and in our SCPS-M facility. We plan to cycle every active duty medic who is on mobility through this training every three years.

As a complement to Medical Red Flag, the Medical Readiness Training Site at Phelps-Collins ANG Base, Michigan, will conduct all second-echelon training for deployable Air National Guard (ANG) and Air Force Reserve (AFRES) medical units.

The Reserve and the Guard together comprise the Air Reserve Components. They make a significant contribution in both peacetime and wartime. Currently, these elements of the Total Force are tasked to provide 35 percent of the wartime medical manpower requirement. Together the Reserve Forces comprise 70 percent of our second echelon tasking, 75 percent of our CONUS augmentation tasking, and 97 percent of our aeromedical evacuation wartime capability.

Support from host nation allies has increased as well. We use existing host nation buildings as well as land to build new structures, and now have sites in the United Kingdom, Luxemburg, Denmark, and other countries for our use in establishing contingency hospitals. Our allies have also agreed to provide direct health care to our fighting forces in certain circumstances.

Our capability to provide a medical response to acts of terrorism, natural disasters, and other mass casualty situations has been greatly expanded. We now have medical teams and associated equipment and supplies in selected worldwide locations that can deploy within two hours of notification to provide lifesaving medical care.

Our medical capabilities to meet Air Force medical readiness requirements during wartime contingencies has greatly improved. However, we must continue to increase and modernize these capabilities through active research and development programs. The future development of an improved chemical/biological protective garment, Transportable Blood Transshipment Centers, Resuscitative Fluids Production Systems, a Digital Imagery System, a CW Casualty Ventilator, a Vital Signs Monitor, a Multi-Chambered Autoinjector for nerve agent pretreatment and antidote, and other technical innovations will greatly enhance the battlefield effectiveness, capability, and durability of our operational forces.

Our graduate medical education programs will continue to produce the maximum number of specialists with critically-needed skills. Incentive programs including loan repayment and education and training stipends have been implemented for the Air Reserve Components, and our recruiting energies are targeted to accessing people who have these special skills.

I believe it was the intent of Congress to help our medical readiness program by requiring the targeting of 2500 Health Professions Scholarships to students in the final two years of medical school who accept residency training in a critically-needed wartime specialty. Unfortunately, there are significant difficulties with this. First, students entering their third year of medical school are usually unsure of their residency preferences, and these may change often before the medical student becomes a trained specialist. Second, the competition for residency positions is so fierce that it is impossible to guarantee entry into the desired residency. Third, even if the student does manage eventually to gain acceptance in a residency in a critically-needed specialty, he or she may not ultimately complete the training for a variety of reasons.

As an alternative, DOD is considering a legislative initiative to better achieve Congressional intent. The proposal would establish a Graduate Student Program targeted toward physicians in their last two years of residency in selected specialties. As with other scholarship program paticipants, sponsored residents would have both an active duty and a reserve duty obligation. This concept could achieve the desired results of reducing both active and reserve component specialty shortfalls much earlier and with a far greater degree of assurance.

Improving Accessibility

The greatest challenge facing Air Force health care right now is making quality care more accessible to our patients. We have introduced a number of improvements including sharing agreements with the VA, partnership programs with civilian providers, and the opening of the first Air Force PRIMUS clinics. Our greatest hope for improving accessibility is through locally managed health care.

We are striving toward fully managed health care. That means providing or arranging for the appropriate level of care in a timely, cost effective manner that meets our standard of quality. We think catchment area management is the answer. Since health care has always been a local issue, we feel it is best managed locally where the experience and local contacts are established. We have two managed care demonstration projects about to get underway - Bergstrom AFB, in Austin, Texas, and Luke and Williams Air Force Bases in the Phoenix, Arizona, area. The demonstrations will run for a minimum of three years.

We are currently phasing in the management and baseline activities. These projects will place the responsibility of health care provision upon the local Air Force medical facility executive management team who will have control of capitation funding, including CHAMPUS dollars. The Air Force catchment area management system incorporates an enrollment process, a health care finder function, a utilization management program, a claims processing system, and an automated data system to provide integrated support for all functions. Our long range plan is to transition to catchment area management at all Air Force medical treatment facilities as the logical progression of our current Health Care Finder program.

While catchment area management is not yet underway, we have some excellent programs in full swing that support catchment area management. Our Health Care Finder program has been very successful. It's improving access to health care and reducing patient and government costs while maintaining our stringent quality. We now have approximately 17,000 civilian providers involved in this program Air Force-wide.

The Partnership Program is another resource for improving patient access to needed health care services. We have 280

Partnership agreements Air Force-wide, including psychiatry, obstetrics, and cardiology. With some ingenuity, Partnership Programs can offer a realm of possibilities at the local level. VA sharing agreements offer another. More than 60 percent of Air Force medical treatment facilities located within a 60-mile radius of a VA medical facility have sharing agreements with the VA. Currently, 53 Air Force hospitals have arranged a total of more than 200 active agreements. They include sharing a wide variety of resources ranging from inpatient and outpatient facilities to individual clinical and ancillary support services. We estimate these agreements saved over $5 million in FY 88. We have a joint facility established at Kirtland AFB, New Mexico, and are planning other sites at Nellis AFB, Nevada; Elmendorf AFB, Alaska; and Patrick AFB, Florida. This program works well, providing a wider range of services for both Air Force and VA patients than would otherwise be the case, in addition to saving money.

We just opened our first three PRIMUS clinics. The locations are Omaha, Nebraska, to support Offutt AFB; Tucson, Arizona, to support Davis-Monthan AFB; and Riverside, California, to support March AFB. Two more are scheduled to open this fiscal year at Sacramento, California, to support Mather AFB and at Tampa, Florida, to support MacDill AFB. These clinics will improve patient access to primary medical services at locations where demand far exceeds current capability. These clinics, while helpful in the near term, are not the ultimate solution to our access problems. We would prefer to provide care to all our patients via the direct care system.

Our patient population is estimated at 3.4 million and is continuing to grow. In FY 88, our facilities treated more than 18 million outpatients, and nearly 270,000 patients were admitted. Nearly 36,000 babies were born, and more than 33 million prescriptions were filled in our facilities. There were no discernable shifts in the distribution of health care for our eligible beneficiaries from FY 85 to FY 88. However, we have noticed a steady reduction in the number of admissions to Air Force hospitals from 275,100 in FY 86 to 269,800 in FY 88. This reduction is consistent with civilian hospital trends over the past decade and is largely the result of rapidly emerging technology permitting more treatment to be performed on an ambulatory basis. This has not diminished the demand for health care but rather has shifted it from the inpatient to the outpatient setting. It underscores our urgent need to find new ways of increasing patient accessibility.

This shift has presented some problems since our older medical treatment facilities were not designed to meet today's growing demand for outpatient care. We are now reshaping our hospitals from a predominantly inpatient to an ambulatory care orientation. Our goal is to meet existing patient demands for care and to recapture the outpatient workload now provided under CHAMPUS. The first step, taken in September 1988, to achieve this was the trial establishment of a single ambulatory services manager for our hospitals. We are also evaluating support staff and examination room-to-practitioner ratios based upon civilian norms and Air Force wartime requirements. The goal is to establish the proper mix of exam rooms, support staff, and practitioners to achieve peak efficiency in ambulatory services. To reach this goal will require nearly 260 new authorizations for the Medical Corps, 290 more for the Nurse Corps, and 760 additional enlisted spaces.

Medical Construction

In January 1986, the Secretary of Defense established the Defense Medical Facilities Office (DMFO) under the Assistant

Secretary of Defense (Health Affairs) with the responsibility for planning, programming, and allocating funds appropriated for all DOD medical readiness construction projects.

The DMFO's FY 89 Medical Military Construction Program (MCP) included 14 projects for Air Force medical facilities. Four of these projects were specifically in support of medical war readiness materiel (WRM) storage and prepositioning. All four of these projects were supported by the Congress and have a total value of $15.3 million. One of the projects will provide a turn-key, 500-bed, third echelon medical contingency complex at a classified location. Two of the projects will provide warehouse facilities for prepositioning second echelon medical equipment and supplies in Europe. The fourth project will provide a medical WRM warehouse at Tyndall AFB, Florida.

The DMFO's FY 90 Medical Military Construction Program includes 7 projects for the Air Force Medical Service with a combined value of $38.8 million. The program contains readiness and overseas requirements that directly contribute to the combat effectiveness of deployed forces. Two projects worth $19.6 million support WRM requirements. A turn-key, 1000-bed, third echelon medical contingency complex at Echternach, Luxembourg, will enhance our ability to provide life-saving, surgically intensive medical care to Air Force casualties. This project was deferred by Congress from the FY 88 program. The deferral was based on the belief that such a project should be financed through the commonly funded NATO infrastructure program. Although this contingency facility may receive casualties from all Allies, it will primarily serve U.S. Forces. The other project will provide for the prepositioning of second echelon medical equipment and supplies in the European theater.

The other Air Force projects included in the FY 90 program are: life safety upgrade programmed for the hospital at Maxwell AFB, Alabama; two clinic addition/alteration projects at Andrews AFB, Maryland, and Lackland AFB, Texas; a clinic/dental clinic replacement at Hurlburt Field, Florida; and a dental clinic replacement at Patrick AFB, Florida.

Again this year we are experiencing a shortfall in the funding level necessary for the upkeep of our physical plant inventory. The growth of our maintenance backlog is compounded by the diminishing level of our MCP funds. The Air Force requires approximately $225 million per year in MCP funds to sustain a 35 year medical facility life-cycle (industry standard is 25 years). We barely attained $100 million in FY 89 for medical facility construction, and will fall back to $38.8 million in FY 90. We see no relief in sight since the DMFO is programming an average of only $92.5 million pear year for the next three fiscal years and an average of only $135 million per year over the next five years.

Recruiting and Retention Concerns

I am concerned about physician recruiting and retention. We have a chronic problem attracting physician specialists, and we will probably miss our recruiting objective for this year. Additionally, meeting our overall physician (including nonspecialists) objective is in jeopardy. We simply must retain as many of our physicians as we possibly can.

Air Force physicians are acutely aware of the on-going deliberations about revising their special pay program. They know we are at a strategic turning point in how we will attempt to repair their compensation system. It is crucial that we select the most fiscally prudent and effective approach in revising the pay structure.

A relatively simple structure for the revised pay plan would be most effective. First, we need a basic medical pay, paid monthly, that recognizes the value of the physician to the Service - replaces Variable Special Pay and Additional Special Pay without a contract provision. Secondly, we should continue Board Certified Pay to encourage physicians to achieve this additional indicator of excellence. And finally, we need a specialty-based pay to *partially* reduce the disparity between military and civilian specialty incomes.

The specialty-based pay deserves careful explanation. The number of specialty groups should be minimized and the pay differentials among them also minimized. A military physician in a higher paid specialty will have to receive a smaller percentage of civilian specialty income than the physician in a lower paid specialty. This is an inevitable reality that I believe our higher paid specialists will accept. These amounts should be large enough to serve as an appropriate payment level for a one year contract and not have to be buttressed by paying double and triple the amount to encourage multi-year obligations. Personal flexibility is important to physicians and they will be willing to trade some income for added flexibility.

A large percentage of the physicians who have accepted the Medical Officer Retention Bonus (MORB) have opted for four year contracts. However, we know that some of the acceptors to date are already career-minded individuals who would have stayed anyway. We have not yet heard from a critical group of physicians (240 of 1487 total MORB eligibles in the Air Force) who will not be eligible for the MORB until they achieve eight years of creditable service this summer. This group is the true target of the MORB.

I applaud both the current DOD proposal and the 1980 Act for avoiding discrimination against physicians in obligated status.

Non-compensation factors are also vital to an effective retention system. Initiatives to improve clinical and administrative support will be extremely effective in increasing productivity and reducing CHAMPUS expenditures. However, I cannot emphasize strongly enough that such initiatives will be ineffective unless they are used to supplement a satisfactory compensation system.

I am also concerned about nurse recruiting and retention. The Air Force is approximately 100 accessions short of reaching its overall FY 89 recruiting goal of 613 nurses. Applicant flow is 14 percent lower than last year, and we are having trouble with certain nurse specialties. We need to recruit 15 nurse anesthetists this year; so far, one has been commissioned. I anticipate a shortage of 30 nurse anesthetists through FY 90. We must also attract 14 nurse midwives. Right now, only one has consented to join.

We are facing more and more competition from civilian agencies and must recruit from an ever-decreasing nurse pool. Some civilian institutions are contracting nurses in their last year of training and paying education costs. We need similar programs to maintain the attractiveness of military nursing in the marketplace.

The University of Texas Health Science Center in San Antonio will begin a program to award a Master of Science in Nursing degree in Nurse Anesthesia. Twenty Air Force nurses will enter the first class in September 1989. The two-year program will include on-campus academic training as well as clinical practice at selected Air Force medical facilities. Already established is a master's degree program in Nurse Midwifery at Georgetown University . Under the auspices of the Nurse Midwifery Program at Malcolm Grow USAF Medical Center, Andrews AFB, Maryland, this affiliation with Georgetown offers selected midwives a unique, top-quality training experience.

Several years ago, the Air Force was directed to convert 98 military dental officer authorizations to civilian contract dentists during Fiscal Years 1987-89. The military positions were then converted to Nurse Corps authorizations to help meet the wartime shortage of nurses. At the time, there was no validation of the number of military dentists needed in wartime. We are now working to validate wartime dental requirements.

Contracting difficulties have precluded us from filling all 98 positions with contract dentists. We estimate that, just since the beginning of this fiscal year, approximately 38,000 patient appointments have been lost because of our existing shortage of dentists. Contracting for these positions isn't working well in peacetime and does not serve us well in wartime. I believe these contract positions should be converted back to military authorizations.

We plan to resume training physician assistants in FY 90. While the force had been fairly stable for several years, the retirement of senior PAs is leaving a significant void which the recruiting system has not been able to fill. We will select experienced enlisted medical technicians for our training program and will train twenty-four students in each of three classes per year. The first graduates will join the workforce as commissioned officers in FY 92.

Quality Assurance

Another focal area is the quality of Air Force medicine. Our goal is to maintain and enhance the quality of Air Force health care through our aggressive Quality Assurance programs and by recruiting and retaining top-notch health care professionals. For instance, the DOD Civilian External Peer Review Program, which has no comparable civilian counterpart, has found unresolved differences in a remarkably low number of cases. As a further example, Obstetrics is the nation's highest malpractice risk, high volume medical specialty; yet a two-year study found that Air Force obstetrical services met or exceeded U.S. civilian sector norms in all 17 categories measured. In addition, all Air Force hospitals seeking accreditation from the Joint Commission on Accreditation of Healthcare Organizations have been accredited. In comparison, two percent of civilian hospitals fail to achieve accreditation.

Quality care is dependent on quality people with quality training. We have been able to recruit most of our physicians from the top 25 percent of their medical school classes. Seventy-five percent of Air Force physicians are board certified versus 55 percent in the civilian sector. Air Force-trained physician specialists taking national board examinations placed well above the national average, and several of our training programs are nationally ranked.

We are in the process of expanding the focus of our QA program to include not only physicians but also the many other factors, both clinical and administrative, that affect the quality of care. A review of FY 88 data shows a downward trend in Air Force malpractice claims -- 9.5 claims per 100 physicians in 1988 -- that is well below the national average. In 1988, incidents resulting in malpractice claims have been reduced 17 percent from the peak in 1985.

We continue to plan the future of our Quality Assurance program. We are working hard to improve the substance, yet reduce the volume, of paperwork required for Quality Assurance administration. There is a clear and continuing need for documentation to ensure the validity and credibility of the quality of care. Yet we need to balance our administrative requirements with the primary duty of doctors and nurses to care for patients. We need the expertise of these providers in designing, monitoring, and evaluating indicators and in making peer review decisions. Additional administrative support - trained personnel and equipment - would allow us to make more efficient use of our providers' time, while enhancing the effectiveness of our Quality Assurance program.

We can measure the quality of care we provide, but we are also interested in how our patients gauge that care. This past year, of approximately 23,000 survey respondents, 85 percent were satisfied with the care they received in our medical treatment facilities. Patients identified "patient concern" as their most important consideration and the factor they found most satisfying.

Financial Outlook

FY 88 was a very lean year for us. While FY 89 has thus far been an improvement, we still face a $99 million shortfall in the CHAMPUS program. Reducing CHAMPUS costs is a special challenge, but the recently approved CHAMPUS Alternate Use program will help expand services at selected bases. The initial group of candidate projects, some already approved for implementation, shows a rate of return of approximately 1.7 to 1 (or $1.70 for each $1 invested) for the fully matured projects by FY 91. Over the long term, however, a more realistic expectation would be a rate of return of 1.5 to 1 as a full range of possible projects are explored and developed. This is another opportunity to prove that the local executive management team can manage the system better if given the resources.

Health Promotion

Our health promotion program continues to expand. We are exploring every avenue to improve the quality of life, overall health, and enhance readiness and performance for our community. Hours devoted to health promotion have roughly doubled over the past year. A recent training workshop attended by 200 health professionals in San Antonio, Texas, indicates approximately 20 percent of our Health Promotion Coordinators have been appointed to do this job full-time. Interest in the program among our beneficiary population is at its highest.

A health promotion prototype clinic at Carswell AFB, Texas, found that beneficiaries are taking positive steps to learn more about health, self-responsibility, and healthy lifestyle choices. Initial health screenings for approximately 450 active duty members in the intervention group indicate a need for improved fitness levels, body fat ratios, cholesterol levels, and stress management techniques. Early trends demonstrate that individuals are changing behavior to improve their overall health.

Preliminary health promotion clinic reports show promising cost-benefit analyses. Due to the potential benefits of the wellness concept, many facilities have already implemented health screening and assessment clinics. Sixteen medical treatment facilities report that they started health promotion clinics during the past year. To expand the program further, we are currently developing Air Force-specific films to assist with the demand for stress management information. These films will meet the needs of both commanders and our workforce.

Additionally, we are examining the use of a computerized health risk appraisal as part of our physical exam protocol. The health risk appraisal will achieve two goals. First, it will provide a mechanism to evaluate the effectiveness of our preventive medicine programs. Second, it will provide valuable feedback to patients about lifestyle changes which can improve health and decrease risks of death and disease.

Worldwide programs conducted jointly with the Air Force Commissary Service are reaching approximately 250,000 individuals with nutrition information.

The Air Force Anti-Smoking Initiative continues to decrease the number of active duty smokers. The latest Air Force smoking survey found a 10.5 percent decrease in the number of smokers from 1987 to 1988. Many medical treatment facilities have also adopted a smoke-free policy for staff and patients. Surveys indicate some 25,000 individuals attended our smoking cessation classes offered at medical treatment facilities last year. Approximately 40 percent of our medical treatment facilities have implemented smoke-free policies for patients and staff. Another health promotion effort is our Coronary Artery Risk Evaluation (CARE) program, which was recently expanded to include a pediatric screening program known as CARE III. This program uses blood studies, blood pressure, weight, and family history to identify children who are at increased risk for developing coronary artery disease. The children then enter intervention programs and are tracked accordingly. We also counsel parents on the impact of factors such as nutrition, exercise, drugs, smoking, and alcohol.

The CARE Programs have recently been enhanced by automation. A base-level system that will automatically compute patients' coronary artery risk indices and provide tailored risk reduction guidelines have been implemented in all medical treatment facilities. The base-level information will be fed into a centralized computer for use as a research and trend analysis data base. Efforts are underway to obtain an Air Force wide computerized health risk assessment to strengthen our counseling efforts and enable us to target our health promotion efforts more effectively.

Exceptional Family Member Program

The Exceptional Family Member Program provides medical care and medically related services for eligible DOD families with exceptional medical or educational needs. The Air Force has responsibility for all medical related services in the Philippines, the United Kingdom, the North Atlantic region, the entire Mediterranean, and the Wiesbaden area of West Germany. We continue to increase service for these family members as trained providers become available.

Contracting

We have established a Specialized Medical Contracting Activity within the Medical Logistics Division at Brooks AFB, Texas, to provide responsive support and advice on all matters related to contracting. This activity is directly responsible for developing, soliciting, and awarding services contracts that are required by multiple locations with similar needs or that lend themselves to central procurement.

This Activity has been successful in handling a number of contracts including those involving PRIMUS clinics and the Hospital Aseptic Management System. It is currently working on a requirements contract for radiologists as well as a centralized procurement for obstetrics and gynecology services. All contracting endeavors will have the patient's best interest in mind.

Personal services contracts for certain specialties are very difficult to execute. The compensation limitation for direct health care provider personal services contracts is non-competitive in those specialties where industry standards dictate a higher level of compensation.

Conclusion

This year the Air Force Medical Service celebrates its 40th anniversary. We have grown and prospered because of the talent, persistence, and commitment to the pursuit of excellence by our people. Today, military medicine faces many challenges, but our dedication to the health care needs of the military family has not changed. We will continue to improve our readiness posture and to work hard to provide the best in health care services. Yet our continued success depends on adequate resources - money, materiel, and manpower. With your support and understanding we will meet our objectives. I will be happy to answer any questions you may have.

Senator GLENN. Thank you, General. Thank you very much.

SEPARATE MEDICAL COMMAND

I was interested, as I said before, in the Navy going more to a line management-type concept that would include medical, not make it a stepchild off someplace in the corner, but would put it sort of in the line management responsibility area. How are you organized, General Miller, in the Air Force? Are you organized as a separate medical command?

General MILLER. No, sir. We have essentially no command function within the Air Force Medical Service except the command function of that commander at the medical facility. He works for that line commander. He works for that wing commander, and the wing commander writes his grade card, sir, that is true all the way up. We have no health service command, we have no medical command, per se. My function is purely a staff officer for the chief of staff. It then becomes the responsibility of the line to nurture, protect and support their medical service.

Senator GLENN. General Ledford, how are you organized in the Army? Are you on a line function or not?

General LEDFORD. Sir, I am a staff officer. However, we do have a Health Services Command here in the continental United States which runs 38 hospitals.

Senator GLENN. Are your hospital commanders on a particular base or your medical facilities? Do they answer to the base CO?

General LEDFORD. Sir, their rating officer is the base CO and then the senior rater is the commander of Health Services Command.

Senator GLENN. Okay. I was not sure how it was set up. I had never looked at it. It looked to me, Admiral, you were the odd man out. You are getting in line with everybody else, then, I guess. Is that right?

Admiral ZIMBLE. Well, I am sort of halfway. We are working to be about halfway between the Army and the Air Force.

Senator GLENN. Which means you are neither fish nor fowl.

Admiral ZIMBLE. Hopefully more fish.

Senator GLENN. Which way are you going? As I understood the write-up in the paper, anyway, you were going to line management function where the base CO bosses the medical facility as well as everything else and no questions about it?

Admiral ZIMBLE. Yes, sir.

Senator GLENN. That is basically the same, then, as the others are talking about. How does it differ?

Admiral ZIMBLE. Well, there are still some command functions from the Health Services Command in the Army that comes down the Army medical chain.

Senator GLENN. All right. I do not want to spend a lot of time on that, but, gentlemen, we went to a Total Force concept back in 1973, and it has not really been reviewed. And in that Total Force concept they set up what the division of work was going to be, division of responsibilities between the Regulars, Reserves, who was going to do what. And they determined that about 80 percent of our combat medical, wartime medical would be kept in the Reserves. They did not need it during peacetime all the time, and so, it would be there ready for mobilization.

I have been talking about this for some time, and, Mr. Newhall, I frequently use your figures of a shortfall of approximately 7,000 physicians right now which means that in that 80 percent of our combat medical assigned to the Reserves, we are about 71 percent short on doctors. And we are short 31,000 nurses in the Reserve components which is about 66 percent short.

Now, are those figures still current?

Mr. NEWHALL. I can no longer adhere to those figures, Mr. Chairman. During the building of the last POM the Department discovered that there was relatively little uniformity in the way the three services determined their requirements. One reason for this is that each service does its own casualty estimating. Despite the fact that all the services were using the Medical Planning Module (MPM) to generate the hospital-based requirement, they could devise the war scenario with some flexibility and thus, as OSD looked at the POM input, there did not seem to be a uniform approach. This resulted in a 5-month study by the services and various OSD offices to determine what the medical requirements process should be.

Senator GLENN. Let me address this here. This goes right to the nub of it because we have heard over and over and over and over again ad nauseam for the past 3 years or so how difficult it is to get statistical data on the numbers of people out there, where they are assigned and so on.

Now, we have set objectives. We have end strength, set up for each of the services requiring so many military. What this means is you do not really know how many people are out there. It is very simple, it would seem to me, to find out the command by command how many people are assigned TO-wise to do a certain job, and then we know whether they are assigned or not assigned.

If we do not have that kind of information, then Lord help us, we do not even know how many tanks we have, how many tank drivers to man them, and everything else. We either know or we do not. Why is that such a difficult figure to get?

Mr. NEWHALL. Mr. Chairman, it is the wartime requirements that were presenting a problem, not the inventory of how many medical personnel we actually have.

Now, I believe that all of the services could give you good numbers on what they have on board, but the goals or the requirements, those needed for war, that is not a settled question.

Mr. Taft made a series of decisions late last year that moved us closer and, using the terminology "goals" rather than "requirements," which was the word we had always used before, set out goals for the total force.

Senator GLENN. Well, we have a certain number of Reserve units, right?

Mr. NEWHALL. Yes, sir.

Senator GLENN. And there should be a certain number of Reserve people assigned to those units, and yet we have trouble getting numbers as to whether the people are assigned to the Reserve units that are authorized. Now, if that is not some future wartime expansion-type thing, that is what we actually have in the Reserve that we depend on right now, and what if we went to war tomorrow? We would be dependent upon calling up to flesh out the military medical combat needs within a 2- to 3-week period.

Now, we either know that they are there or not, and yet we have had trouble getting information on statistics that simple.

Mr. NEWHALL. I was responding to what percentage of what we need, and you asked me what is the shortfall. And my answer is I cannot tell you what it is. It would not appear to be that great because the goals set by the wartime medical physician study that Mr. Taft settled on would suggest that we now have a physician shortage ranging—and this is in the total force—between 1,300 and 3,600. There seems to be agreement on that range.

Senator GLENN. I am not sure I understand. Those figures on what, on what we need to go to war?

Mr. NEWHALL. Yes, sir.

Senator GLENN. We defined that a long time ago.

Mr. NEWHALL. I do not think, sir, that there was agreement this past summer in the Department among the services and OSD that what had been decided upon was still valid.

And what remains an open question even with that range established, sir, is the Active component Reserve component split. That has not been addressed.

Senator **Glenn**. We have certain numbers of combat people out there, whether it is in the Army, Navy, Air Force, Marines, whatever. Somebody is going into combat. We know the numbers of people that will be going into combat.

Now, we have an outline of the numbers of medical people that are going to be required to support that number of people in combat, and we assigned 80 percent of that combat to the Reserves, and we have Reserve units out there with certain numbers of people in them. And yet you are telling me we do not know what is required to go to war?

Mr. **Newhall**. I believe, sir, that each of the services, each of the Surgeons can probably tell you that he knows what he needs in time of war. I have to say to you from the standpoint of the Department that the Department of Defense did not buy the service POM submits, does not accept the numbers that were in the POMs, I would let them address that. But the Department, when it looked at the POMs, was not satisfied that they had been built in a logical and rational way. Consequently, we worked with the services and the various OSD offices for several months on the study I mentioned earlier. More recently, Mr. Taft made some tentative decisions about the range of goals for total physicans needed, and that was the 1,300 to 3,600 physician shortfall range that I gave you. Mr. Taft further tasked OSD offices to work with the services to accomplish among a number of other things, defining what percent of the total force needs to be on active duty and what percent should be in the Reserves.

Senator **Glenn**. Well, what figures are sent over to us, then, your figures out of OSD were the individual services figures?

Mr. **Newhall**. The OSD figures are included in the submit to Congress on the annual manpower report. A medical annex to that report described the exercise that the Department was going through and gave the most recent figures on which the services and OSD had agreed those were the 1986 requirement figures by physician specialty.

In the medical annex to the annual manpower report we displayed the 1986 requirements by physician specialty and noted that the Department was undergoing a study which would define the Active components/Reserve component split by January 1990. I believe, sir, that was the target date.

Senator **Glenn**. What you told me a little while ago, though, in effect, would be that DOD does not really know how many medical people we need to go to war. Is that correct?

Mr. **Newhall**. I would say that we now have about 26,500 total force—split almost evenly between the two components. We believe that we need somewhere between on the low end 1,300 more physicians or on the high end 3,600 more. So that the number is inexact by a range of 2,400 which is less than 10 percent of the total force we are talking about.

Senator **Glenn**. You said the 1989 annex cited 1986 figures but said they were no longer valid, is that right?

Mr. **NEWHALL**. I said, sir, that the 1986 figures were the last that were agreed upon between the Department and the services.

Senator **GLENN**. I am sitting here as Chairman of the Manpower Subcommittee. What do you recommend that I recommend to my subcommittee to vote on and the full committee and the Senate of the United States to vote on?

Mr. **NEWHALL**. I would have a fair amount of faith, sir, in the new requirements not being greatly different than the shortfall range of between 1,300 and 3,600.

Senator **GLENN**. Give me a figure. I cannot go to the Senate of the United States and say well, I recommend that you vote something out there between 1,300 and 3,600 additional, and we are not quite sure, and we really do not honestly know what we need when we go to war.

Do you expect me to go before the full committee with that?

Mr. **NEWHALL**. I would say to you, sir, that I think that as far as the Active component we need what is in the program.

Senator **GLENN**. I know, but what you have also told me is you do not know whether what is in today's program is really what we need when we go to war.

Well, okay, we will have to address that one, I guess, further. Is DOD on track with the get well plans as it is called outlined in the Department of Defense medical readiness strategic plan that came out in January 1988?

Mr. **NEWHALL**. Many of the milestones have been met. There has been a tremendous amount of progress.

Senator **GLENN**. Where do we stand with it? What are the main difficulties? What are the main areas where they met their milestone? Can you give us details on that?

Mr. **NEWHALL**. Sir, I would like, if I might—I believe there were 300 or so different areas. If I could submit that for the record.

Senator **GLENN**. All right, fine. We would like that for the record.

[The information follows:]

MEDICAL READINESS

The information follows: Impressive gains have been made to Medical Readiness by following the Medical Readiness Strategic Plan (MRSP). The day-to-day operation of the MRSP has led to significant improvements in the areas of Medical Logistics, Aeromedical Evacuation, Joint Planning, as well as Personnel and Training. The intense management of 289 tasks and milestones contained in the 26 action plans has led to completion of 8 of 26 (30 percent) action plans and 170 of 289 (59 percent) tasks and milestones.

Two areas that have presented considerable difficulties are the Armed Services Blood Program (ASBP) and the Pre-Positioned War Reserves. The blood program seeks to capitalize on frozen blood technology and use the same to develop an integrated blood management system for obtaining, processing, storing, and distributing blood products worldwide. At present, the program has slipped behind in four of the tasking areas. Given the scope of the action of the ASBP it has been determined that the original time table was too optimistic and has proven to be unrealistic to attain with any degree of effectiveness. The Pre-Positioned War Reserves action plan is also behind schedule. This plan is attempting the formidable objective of implementing a program which will economically procure and retain adequate quantities of dated and deteriorated shelf life war reserve medical materiel, thereby increasing medical readiness. This requires close cooperation with the FDA, major pharmaceutical manufacturers, and DOD and as such sometimes results in delays to the original time table.

Several areas that demonstrated great success were the Logistic Support Systems, Combat Casualty Care Course (C4) expansion, and CONUS Mobilization. The Logistic Support System in Europe integrated the logistic systems of the Army, Navy, and Air Force. This action will eliminate redundancies, and provide efficient and responsive peacetime and wartime medical logistic support in each of the major theaters. This concept is nearing completion in the Pacific. The C4 expansion has provided vastly improved opportunities for the Reserve components to receive sufficient, timely, and effective wartime medical readiness training in the most cost effective manner through expansion of the Combat Casualty Care Course. The course, normally conducted at Fort Sam Houston, Texas, and with limited RC participation allocations, has been expanded to include a mobile (traveling) training team for use by the Reserve components. Another successful result of MRSP was the establishment of the Joint Medical Mobilization Office (JMMO) within the Office of the Joint Chiefs of Staff (J-4). This action marks the first time that an organization has been assigned the coordination and oversight for the CONUS medical base on a full time basis and in a joint manner. As further evidence of the dynamic nature of the plan, the JMMO's have been incorporated in the newly formed Office of the Deputy Director for Medical readiness (OJCS J-4) which has a Joint Medical Mobilization Division and a Medical Plans and Operations Division.

HEALTH CARE FOR NON-ACTIVE DUTY BENEFICIARIES

Senator GLENN. The fiscal year 1990 budget proposes a 2-year pilot program to introduce copayments in the provision of health care for non-active duty beneficiaries. The budget also proposes establishment of an advisory panel to make recommendations on the design of the pilot program and report to the Secretary of Defense by June 1, 1989.

Was the study in by June 1?

Mr. NEWHALL. No, sir.

Senator GLENN. What is the due date for that now, do you know?

Mr. NEWHALL. There is not a revised due date on it. The advisory committee has not been appointed. We have to abide by the Federal Advisory Committee Act in order to appoint such a committee. That entails getting a charter approved both internally and by General Services administration, and that charter has not yet been coordinated within the Department.

Senator GLENN. What is the status on that? Are you going to pursue the user fee concept?

Mr. NEWHALL. The budget document indicates we are to do some sort of a pilot study, and that an advisory committee is to be appointed. We just have not gotten an advisory committee appointed.

I think, sir, as you know, that budget was put together by a different administration, and I think that it is possible, although I am not predicting this, that the Department and OMB might revisit that decision to see if a pilot project as broad as the one called for in the January budget submit is, in fact, an advisable course to pursue.

USER FEE

Senator GLENN. General Ledford, do you favor the user fee approach?

General LEDFORD. No, sir, I personally am opposed to it and the Army is opposed to it.

Senator GLENN. Admiral.

Admiral ZIMBLE. I agree with General Ledford, and the Navy agrees.

Senator GLENN. General Miller.

General MILLER. Yes, sir. In my personal opinion, I strongly feel that is the wrong way to go.

Senator **Glenn**. Incidentally, were all of your statements required to be submitted to OMB today before you came here today?

General **Miller**. Yes, sir.

Admiral **Zimble**. Yes, sir.

General **Ledford**. Yes, sir.

Senator **Glenn**. Were there changes in your testimony from the original version?

General **Miller**. No significant changes in mine, sir.

General **Ledford**. None, sir.

Admiral **Zimble**. No, sir.

Senator **Glenn**. Nothing of any substance?

General **Miller**. No, sir.

Senator **Glenn**. Mr. Newhall.

Mr. **Newhall**. It did bring to a head some decisions with regard to legislative proposals, sir, which I think were healthy; since I was coming up to see you I was able to get decisions.

Senator **Glenn**. I am making a practice to ask that particular question at each hearing now on the Governmental Affairs Committee. I do not mind a coordination of policy so that we make sure that someone is not too far off the reservation; but when testimony is changed drastically we want to know about it. We found on some very specific scientific issues that are not political that some of those things were being changed in the testimony. So, it has caused some concern.

So I just want to make sure that if there were changes, and you gentlemen, I might add, are duty bound that if there is any substantive changes, to give us the data or give us the original version particularly if there was anything substantive in it. And I do not care about word changes and semantics here and there, but if there is any substantial changes, we want to know about it.

NURSE SHORTAGE

On the nurses you indicate were about 15 percent short of nurses just nationwide, and I know that is a real problem.

Mr. Newhall, you mentioned you have approached that and made a few comments. Would you give us some more information please, or give us any comments you may have on what plan you have to attract and retain nurses in the military services.

Before you answer that, I understand a report has been drafted, but we have not received that report yet. Is it on the way to us on that?

Mr. **Newhall**. I cannot tell you that. I cannot promise you will have it within a week, sir. It has been in interagency coordination for several months.

Senator **Glenn**. Months?

Mr. **Newhall**. Yes, sir. The Department completed its draft of that about the time we told the committee staff that they would have it. I think it was February but it did contain some legislative recommendations, and it was not until the last week that we were able to get an administration position on those proposals. I would suspect that the report would start to move at a much more rapid pace than it has been moving and would hope we could get it to you within a couple of weeks.

Senator GLENN. General Miller, what is the status of nurses in the Air Force and what do you think should be done to attract more people?

General MILLER. Sir, we are relatively better off at the current moment than the Army and Navy are, as far as nurses are concerned. We have met our recruitment goals in the past. As I mentioned in the short statement, sir, we are concerned about this year.

We are particularly short of nurse anesthetists, some 30-odd projected to be short. That has significant impact as far as costs and operating room support in our small hospitals scattered across the country.

We are working the accession bonus idea very strongly, as are my colleagues. We are looking at grade structure relief, force structure, if you will; we are working within Air Force to try to do so. Educational opportunities have always been an attraction. We are continuing those and offering some new ones.

I have testified before other committees, sir, concerning the fact that we have an opportunity, I believe, in this country, if funds were available, to change nursing curriculum to the point where we no longer have to put nurses into an internship program when they finish a degree in nursing today. In short, we feel that a case can be made for a nursing school to go along with our university medical schools, sir.

Senator GLENN. Admiral Zimble, what is the nurse status in the Navy?

Admiral ZIMBLE. Well, as I mentioned earlier, we have many billets gapped. I have been very much urging a DOPMA relief legislative package for the Nurse Corps. We have the last lieutenant commander selection.

Senator GLENN. That would deal with the warrant officer?

Admiral ZIMBLE. No, that is another subject, sir. But as far as the Nurse Corps, commissioned officers in the Nurse Corps, when we last had a selection for lieutenant commanders, within the zone and above the zone for promotion were 100 eminently qualified nurses that we were unable to promote because of grade strength restrictions.

These nurses did not feel we valued them on the basis of not promoting them when eligible for promotion. And, although we offered to continue those nurses with a waiver, we in essence humiliated them. They did not feel that they met the standards of their peers that were selected, and many of them will leave us on that basis.

So it is antithetical to good retention to not promote those who are eminently qualified for promotion. We live within an artificial pyramid designed for a young fighting force that does not necessarily apply to the profession of nursing or the profession of medicine or dentistry where we would like to nurture those with greater experience.

We are doing a billet scrub to ensure that those nurses that we would be able to promote will stay in the nursing arena rather than move to a supervisory arena, and we are about 90 percent through with that grade strength analysis again, to make those nurses competitive with the marketplace in terms of salaries, in terms of their prestige.

Senator GLENN. I know, but do you not take a chance of winding up with all chiefs and no Indians in a situation like that?

Admiral ZIMBLE. No, sir, because what we have done is to ensure that they are at the bedside, that they are professionals, that we will use more of them in the intensive care units. We will make sure that we incorporate them appropriately. As you know, we have——

Senator GLENN. But you would up everybody's rank to keep them in.

Admiral ZIMBLE. Well, maybe so. We do that with physicians. I have some four-stripers who are in the operating room every day and they are treating patients every day. And I think we have to look at the marketplace. That is just one area.

We are looking at a nurse candidate program that we would like permission to work and we need authority for.

Senator GLENN. That is one of the different requirements. Possibly maybe in the medical services, we have to look at it a little bit differently. You are probably familiar with the difficulties we got into several years ago on the officer versus enlisted strength and the brass creep, where we were gradually moving uphill, and we really had a time getting that one ironed out and the problems with the Joint Chiefs, which they now say was a good drill. They now are complimentary about what happened back at that time.

We want to be careful we do not get in the same bind in the medical services. It is a little different situation, I grant you, but——

Admiral ZIMBLE. I think we just need to look at the profile of the profession and determine what is the best grade mix, but not necessarily be restricted to a young fighting force type of profile.

But, beyond that, we are creating a new enlisted classification that we call the advanced care technician that will put more senior corpsmen in the wards as extenders to those nurses to increase the number, the ratio of beds to nurses. This program will help us select those who have an affinity to nursing care and then nurture them through a full career path to Nurse Corps, giving them some credit toward an associate degree for the additional training that we provide them.

We are looking to bring associate degree nurses into the Navy. These are 2-year trained nurses. One track is to bring them on as commissioned Nurse Corps officers, provided they have a baccalaureate degree in a relatively comparable health science profession.

And then we are looking for a pilot program to bring some nurses on. We are looking at about 200 in the next year, 50 to go to each of our four tertiary care teaching facilities, associate nurses as warrant officers, with the idea that these would be technical nurses, nurses that would be under the supervision of the professional nurse and under the training of the professional nurse, again, to help extend the ability of our nursing staff to open more med-surg beds and to do more of the critical care.

Senator GLENN. Could you and General Ledford discuss that, because the Army had a program of warrant officers? It only lasted for 2 years, and then they did away with it. Now the Navy is going to it. General Ledford, why did you put that in? Why did it not work? And why does the Navy now think it is a good idea?

General **Ledford**. Sir, I am not prepared to answer that question in depth. To my knowledge, the warrants were given to non-baccalaureate degreed nurses. And this happened at a time when the Army was switching over to an entire active commissioned force of only baccalaureate degree nurses.

And I may be giving you inaccurate data, but I believe that the problem was that we had a group of Warrant Officer nurses, who were out of place. They did not fit in with the commissioned corps, they had less formal education and it was a program that failed.

Senator **Glenn**. Admiral, would you address that? Because some of those problems undoubtedly will occur in your program.

Admiral **Zimble**. I think there is something happening in the civilian sector in the nursing profession that needs to be looked at and watched. And, perhaps, you were just premature in the Army in bringing the warrant officer on board.

The nursing profession is pushing to go from four categories of nurses ranging from the baccalaureate nurse, registered nurse, the diploma nurse, a 3-year trained nurse, the associate degree nurse, a 2-year trained nurse, also, many of them, registered nurses in this country, and the LPN and LVN type nurse. The American Nursing Association is pushing, has got a self-fulfilling prophecy that they will move that to two distinct nurses: first the baccalaureate degree nurse. And they are looking to, by 1992, the diploma nurse going away.

There are only 70 schools today that are still training diploma nurses and the enrollment in each of those schools is dropping. Yet, there is an increased enrollment at some of the baccalaureate schools, and emphasis for the professional nurse is the baccalaureate degree as a minimum.

On the other hand, there is what is described as a technical nurse, which is being presented as the associate degree nurse, the nurse with a 2-year training and a 2-year degree, to do some of the technical aspects of nursing that frequently get confused in the current nursing role.

I would like to emulate, I would like to follow what appears to be the direction of the nursing profession and do that by defining a uniformed professional nurse and a uniformed technical nurse. I would like to give adequate opportunity to that technical nurse, as part of a career path, to get additional schooling to become a commissioned, baccalaureate degree nurse eventually.

And I think if we do the right career progression and the right planning, it will work. I am not 100 percent sure, so I want to do it as a pilot project at four teaching hospitals.

Senator **Glenn**. The technical nurses would be the warrants?

Admiral **Zimble**. That would be the warrant officer program, strictly the technical nurse, and, again, it would be well-defined as to what the roles were.

DOCTOR'S RETENTION BONUS

Senator **Glenn**. On the doctors' retention bonus, Mr. Newhall, you mentioned something in that about the acceptance rates. You said you were very enthusiastic about or words to that effect, and about a third of the doctors had accepted extensions based on that.

I grant you, that is a lot of doctors, but there are also two-thirds of them who did not accept it. What are we optimistic about? Is one-third good or is that not so hot?

Mr. **Newhall**. I perhaps should have pointed out, Mr. Chairman, that the acceptance rate is much higher in the Navy and in the Air Force than it is in the Army. And I think that is—and General Ledford could speak to that better than I—but I think that is primarily a matter of timing.

I think that the Navy and the Air Force got out to the field, despite the confusion that surrounded the plan, a little more quickly than the Army did. I think it is just a function that their acceptance rates are up around, I think, 50 percent—is that not right?—for the Navy and the Air Force, 45 percent to 50 percent.

Admiral **Zimble**. Our acceptance rate is about 49 percent of those eligible. I have about two-thirds specialists in the Navy and only one-third of them are eligible. The other specialists that would like to be included as eligible had less than 8 years credible service or had an obligation already that went beyond 2 years.

Senator **Glenn**. Well, 49 percent, that is a lot of doctors, once again, to repeat what I said a moment ago. But it is also a lot of doctors who are opting not to go, too. That is half the people are opting to get out. What do we need to do to retain a higher percentage of those folks?

Admiral **Zimble**. Well, many of them had a 1- or 2-year obligation already, and they felt there was an ambiguous part to this law. Would they be taking on a 2-year obligation or a 3-year or a 4-year obligation by accepting the MORB, at the conclusion of which they would still have a 2-year obligation at a reduced rate.

Many of them were very suspicious. We have not regained the trust of many of our physicians. And, again, a lot of them are concerned that there is a group that are not eligible. Again, I would like to look at the glass being half-full rather than half-empty. I think we have made some progress; I think it is very good. But I think that we need to do some fine-tuning of what goes into the pay bill for 1990 that will make it more attractive and not necessarily that much more costly.

Mr. **Newhall**. Mr. Chairman, it is important to note that the problems, as Admiral Zimble was describing were statutory restrictions. In designing the 1990 plan, we do not have that problem of 8 years of creditable service being required or no obligation. I think you are satisfied, are you not, Admiral Zimble, that the 1990 plan does not have the kind of problems?

Admiral **Zimble**. It has removed some of the restrictions.

General **Ledford**. There may be a question as to why the Army was low in signing up for the MORB. First of all, I must say that the MORB was aptly named.

It was a very, very unhappy, divisive program initially when it was leaked that every physician specialist was going to get some sort of a bonus and then it was taken away; the bonus was taken away from half of the force, all of the primary care doctors, the psychiatrists, pathologists and other people who considered themselves important to military medicine were pretty disenfranchised. And so I am delighted that this was turned about.

But because of that, there is, I think, among my Army physician friends, and I have talked to hundreds of them, a certain amount of concern about the MORB, and they do not have to sign up for it until the end of the summer, and so many of them are holding off to see what this fiscal year 1990 pay proposal will have in it. And perhaps it will be a better proposal and one with more credibility and one with greater longevity.

I can say that 79 percent of the people who signed up for it have signed a 4-year agreement and those who have signed seem quite happy with it.

Senator GLENN. Pat Tucker, general counsel of the minority staff is here, and he played a role in that retention bonus. We do not have any members on the minority side here today, so I will ask Pat what he thinks about it. Have you followed it, Pat, and what is your opinion of it?

Mr. TUCKER. Well, I have not followed it extraordinarily closely. I guess the only question I would have of the Surgeons General is would they prefer to have seen no bonus at all?

General MILLER. And the answer is of course not.

General LEDFORD. Of course not.

General MILLER. But the question is, you know, how could it best be refined, and I think it is necessary for us to point out that military medicine is attractive to a lot of our young people but that, despite what the analysts can see and what objective criteria measurement there is, the bottom line is that, while they are obligated, we would like them to be able to understand that they can make enough money to educate their kids that are educable and live reasonably well.

We do not believe that we can compete with many of the specialities on the outside, but the key is to putting it up front, while they are still under obligation, that pay is reasonable and that they can afford to elect to stay in military medicine if they so choose and their spouses are amenable.

Mr. TUCKER. Well, Mr. Chairman, I think the only comment I would have is that we should remember that the medical bonus that was put in place last year was identified as an essential immediate need, and yet there were no funds in the budget, nor was there any programs submitted to the Hill. So the bonus that we wrote was designed to provide as much flexibility with as much funds as we could take from other programs to make it available.

Beyond that, we did impose some statutory restrictions, including that you could not pay a bonus to stay on active duty to someone who already had an obligation to stay on active duty. And that has been a kind of a basic underlying premise of many of the retention programs that we have applied across the board. If it is an increase in pay, that is fine. But if it is a retention bonus, if you are paying someone to stay on active duty, and they ought to, under law, have to, then there is a difficult time calling that a retention bonus.

Admiral ZIMBLE. Let me just try to point out some of the unique problems that that mind set causes. And when you have to experience a very well-trained surgeon who went through 4 years at the Naval Academy, elected to go to the Uniformed Services University of Health Sciences, put in 4 years there, and now I have one surgeon that is obligated to the year 2007.

Now, for him to watch his colleagues, many of whom are less trained and less experienced than he, receive significant increases in their income that is not comparable but competitive to the marketplace, is a terrific demoralization and disincentive.

My proposal is maybe simplistic, but I think we ought to allow anyone, no matter how much obligation he currently has, to accept more obligation and bank it until he has put in a career and then forgive whatever remaining obligation exists.

PAY

Senator GLENN. How much of a problem is pay and how much of it is other things? For instance, I talked to people out at Bethesda Naval Hospital; I go out there occasionally. When I am out there, I hear people complaining, "We have got operating rooms closed up. We cannot get support personnel, we do not have the corpsmen, we do not have the nurses, we do not have the support facilities and we have people waiting to get in line."

We are turning them away, sending them off to CHAMPUS sometimes while we have facilities out there begging and the doctors are there. They are proud of their profession; they want to practice medicine and that is it. And they would be happy to do it. And that is one of the biggest gripes about it, like the little things such as no support help to write up medical records.

I was out there in one of the departments; I will not specify which one but, the doctor is writing up his report and writing it out in longhand. And I asked him, "Do you not record that and have somebody take it off like any modern doctor's office does?" "No, we do not have those people."

I was out at Bethesda the other day again, as a matter of fact, and they have improved it somewhat in that department, but at the time this came about they had, I believe, 23 doctors in one department and they had the corpsman trying to shuffle records while the doctors are there taking 15, 20 minutes to write up the reports. It is aggravating to the doctors; they want to practice medicine, they want to do what they were trained to do.

Admiral ZIMBLE. Yes, sir, there is no question that we must address the environment, the climate in which our doctors work. We have to make it rewarding and self-satisfying and we have to consider the proper emphasis that needs to be given to both clerical and technical and clinical support. It is absolutely critical.

Nothing frustrates a surgeon more than knowing that he has patients he wants to take to the operating room and he cannot get any operating room time. We are addressing that. Nonetheless, and whether they will articulate that or not, doctors who see a significant difference in their earning potential, I do not think are necessarily greedy——

Senator GLENN. Well, I think your point on that is very well taken and I believe maybe it is something we need to address.

Admiral ZIMBLE. I think we need a multi-pronged attack. We have been a very neglected community in the Department of Defense. We are becoming a much more significant issue. As health care delivery costs rise, it is obvious we have to address it. Four percent of the DOD dollar I do not think is very big, compared to the percentages that we see in industry and the percentages we see elsewhere in what has to be provided in order to do health care right.

And I know that, rather than pay a contractor to come in and take care of some of the patients in my hospital, enough money that he can turn around and provide a salary to a family physician that is 50 percent more than that family physician could make in the Navy is crazy. At the same time, we have to give him clerical support and technical support and we are working on all of those issues.

CONTRACT NURSING

Senator **Glenn**. Back to the nurses again for just a moment. I think the Army, General Ledford, has gone somewhat to contract nursing. Is that worth the effort and is it causing more problems than it is solving?

General **Ledford**. I had some personal experience. The answer is we are doing that in a decentralized manner in areas that there is no other alternative. I had some experience with it when I was commander of Letterman Army Medical Center, in which we could not competitively recruit civilian nurses in the San Francisco area and we could not get enough military nurses. We went for contracts there.

It is dreadfully expensive, especially if you have to go to an entrepreneurial agency which has nurses on a registry and then the registry picks up a good percentage of it. And there are problems with contracting that all of us in the medical business know about. When you have contractors who are receiving a higher salary than the people they work beside and they are getting better hours and, perhaps, some other prerequisites, it is a demoralizing——

Senator **Glenn**. No weekends, no night duty, a few little things.

General **Ledford**. That is right. And so you have to be very, very careful——

Senator **Glenn**. No SES orders——

General **Miller**. The impact on the active duty nurse when she has to pull all nights and weekends is considerable, and holidays.

General **Ledford**. We have to be very judicious in the use of these type folks. But I tell you that in instances where there is no other solution, and we should do it.

Senator **Glenn**. Well, that is another very controversial area, obviously, and one that causes great concern—but it is Government's inability to be competitive or unwilling to vote ourselves enough funds so that we then can start raising people's salaries to the point where it is competitive.

You know, general civil service, over the last 8 years, has run 26 percent below their civilian counterparts. Congress' unwillingness to deal with its own pay which is not tied by law but is tied by custom and other such things. And also your pay, as generals, admirals, secretaries of defense and so on, and so it holds the whole thing down. Federal judiciary is down.

This is forcing you to do some things that, on a smaller scale, are the same things the Defense Department did when the RAND Corporation was set up basically some 30 years ago, where we could not pay enough that the Department of Defense could hire people to come in and do the jobs that had to be done. So, as a dodge against that, they wound up setting up contracts with the RAND Corporation so they could pay people enough.

We find it even now. NIH has not hired a new bio-scientist out there for the last 10 years, as I understand it. They have lost about 20 percent of their top staff; they are just not competitive. So now they are contracting out with the drug companies and doing their research outside and paying far more for it than it would cost inside. You are doing the same thing on a smaller scale by contracting out.

NASA cannot hire the people they want. I was over and got a briefing at DARPA, spent a full day over there just a few weeks ago. They used to have scientists waiting to get in line over there for their 4- or 5-year shot at DARPA and now they are having trouble getting people to apply.

We are running into the same thing. Who knows when Congress is going to be willing to deal with this, I do not know and that is a different subject. But you are dealing with the same thing that is going on across the Government. I am chairman of the Governmental Affairs Committee, and, unfortunately, that whole problem falls under governmental affairs so I wind up floor managing these things out there on the floor and getting shot down so badly I do not even like to be out there in trying to get the pay raises.

General.

General MILLER. Mr. Chairman, in the medical world, that is even dumber, because, under personal services contracts, they are protected against malpractice the same as we are. But we cannot hire them, you see, so we pay that extra malpractice premium on top of it when we go contract.

Mr. NEWHALL. Mr. Chairman, we are competing at a disadvantage—even with other Government agencies. The Veterans' Administration, under 38 U.S. Code has an exemption where, if in certain geographic locations, they find that the civil service General Schedule rate is not sufficient to be able to compete with the private sector, it can be waived. We do not have that same authority.

The appropriations committee in the House has twice in the last 2 years included legislation, only to have it stricken by point of order. It is difficult enough to compete with the private sector, but when we find another Government agency, though, and cannot compete with it, it makes it even tougher.

CHAMPUS REFORM

Senator GLENN. We are going to have to move along here. Just one other area I would like to hit briefly, and that is CHAMPUS reform, CRI. It has run into some administrative and financial difficulties. The subcommittee is aware that the contractor implementing CRI has run into some difficulties. It is apparent that the beneficiaries receiving benefits through the program seem to be quite pleased with the services being offered.

Would you explain the nature and seriousness of the administrative and financial difficulties and tell us what progress is being made, if any, on the claims processing difficulties that have held up accurate payments to network providers?

Mr. NEWHALL. Yes, Mr. Chairman, I am glad that you noted that there are some very positive signs, and I will not go into listing them all, but the CHAMPUS Reform Initiative properly should be judged on a whole and there are a bunch of positive developments.

There are two, actually three, areas where there were very negative results and all of them are showing improvement. One was claims processing. Claims processing was in awful shape. That has nothing to do with the innovative approach of CHAMPUS reform.

CLAIMS PROCESSING

Senator GLENN. What is our current backlog on claims processing?

Mr. NEWHALL. The 63 percent of the claims that are processed as old-fashioned CHAMPUS, are virtually current. They are well within contract standards. That is all cleaned up. We still have a backlog for the beneficiaries that are using the innovative managed care part of CHAMPUS, and that amounts to about a little less than 40 percent of the claims to backlog.

Senator GLENN. How far back are we on that?

Mr. NEWHALL. We will be current and totally out of the woods no later than the end of July. The contractor, EDS, started processing as a new subcontractor on April 17. They have a very high degree of accuracy; the system looks very stable. Last week they processed more claims than they got in, and so they show every indication of getting us totally out of the woods on claims.

Senator GLENN. The objective was nothing over 30 days, was it not?

Mr. NEWHALL. And by the end of July, we will feel we will be up to that.

MANAGEMENT

The second area of concern was management. The prime contractor had never before done business with the Government and did not appear for a while to realize that when the Department said things had to be fixed that we were serious about getting things fixed. We have now seen that turn around.

Former Navy Competition Advocate General has come on board with the company, Admiral Fowler, and Mr. Dennis Crowley former NAVSEA Systems Commander, who used to be with the Blues of Ohio has just come on as the new CEO. So management looks much stronger and we now feel that we are getting over that hump.

The third hump is the financial viability of the prime contractor. I cannot absolutely guarantee, Mr. Chairman, that the prime contractor will not get into serious financial hot water. However, Merrill Lynch Interfunding is the largest owner, 40-some percent. We have been working very closely with them. They have been responsive. We are making a condition of exercising the next option that the Bank of New York has to restructure some debt.

Senator **Glenn**. What steps is DOD taking to provide some financial protection to the Government and the taxpayer in the event of a contractor default?

Mr. **Newhall**. We have modified the contract as a condition of proceeding into the current option period, Mr. Chairman. We changed that from almost any other fixed-price contract, I think, in Government, to the point where we shielded most of the funds from the prime contractor.

The prime cannot get his hands on, and we, in effect, are paying directly to the subcontractor and the health plans' so that if the worst case should happen and the prime should go into Chapter 11, we will not have a situation where government funds were being used to satisfy their other lines of business. They do a lot of other managed care for other than the Government.

CONTRACT OPTION

Senator **Glenn**. The next contract option is when? August 1?

Mr. **Newhall**. Yes.

Senator **Glenn**. And you have to make a decision when? In July?

Mr. **Newhall**. Well, technically, you could go right up to the last moment, but I would expect mid-July, because, if you do not exercise your option, as you well know, Mr. Chairman, you have to have some other way of taking care of these beneficiaries.

Senator **Glenn**. This claims processing is still one of the important parts of that whole decision, I gather.

Mr. **Newhall**. It is important, but I have every confidence that we are getting that one licked, sir, based upon the tremendous turnaround of the Blue Cross, Washington and Alaska, since January.

Senator **Glenn**. Is what you are talking about, just a few weeks away? When just about a month ago, we were told that this was all going to be caught up by mid-June. And now it is the first of July and we are getting up to the decision time on August 1.

So, again, we are getting down to the short rows as far as decisionmaking, and you expressed confidence, great confidence, that it is all going to be caught up. I had confidence in what I was told just a short month ago that it was going to be by mid-June and not July 1. So you had better stay on that one.

Mr. **Newhall**. We will, sir.

Senator **Glenn**. We are going to have to move along here. We have another panel. We have the GAO, Mr. Baine, here. We may wish to ask you gentlemen to respond to questions that other members may have or the staff may have or I may have after we review the transcript and review some of these issues a little bit more.

So, I want to thank you for your testimony, gentlemen. If you could just stay at the table a moment.

In January of this year, due to concern over administrative difficulties being experienced by the CHAMPUS Reform Initiative contract, I wrote to the General Accounting Office and asked them to look into the implementation of the program. And today they will share the results of that review with the subcommittee.

Mr. Baine has a prepared statement which I am sure he will be glad to make available to you if you do not already have it. We are going to include it in the record, and we will ask him to summarize it here today. But that is the purpose of having our next witness today.

So, if you gentlemen would wish to stay, we would welcome your participation. And if there are no chairs back there, come up and sit at some of these here at the table. You can hear up here all right.

Obviously, we have a lot of hard work ahead of us on this, and I look forward to working together to find solutions to the problems we have been addressing here. Our common goal must be to provide the highest-quality health care possible for the beneficiaries of the military medical system.

I also want to mention one other thing and that is that American Association of Nurse Anesthetists has provided a written statement, and we will be happy to include it in the record of our hearing today and we do appreciate their comments.

[The statement referred to follows:]

STATEMENT OF THE
AMERICAN ASSOCIATION OF NURSE ANETHETISTS

THE MILITARY HEALTH CARE TEAM

Prior to focusing this testimony on the military CRNA and AANA's commendations regarding solving the shortage problem, we want to say a few words about the shortage of health professionals in general. In reviewing the testimony that has been presented before the Defense Appropriations Committee by the Military Chiefs of the various Nurse Corps, the Surgeon Generals, and Dr. Mayer, from DOD, we have been struck by some interesting comments. It is quite evident in Dr. Mayer's and the Surgeon General's comments that the priority at DOD and within the military services has been to resolve the military physician problem, with little concrete action, beyond increasing the number of recruiters and some scholarship programs devoted to resolving nursing and other health professional shortages. We believe the emphasis placed on keeping physicians in the military, as opposed to other health professionals, is a function of the structural leadership within the military medical services and reflects the current philosophy expressed by one of the Surgeon Generals before this Committee. He lumped all nonphysician health professional and technicians into the category of "ancillary support personnel." Unfortunately for the military and health care in general, no health provider is more dependent upon other health providers for accomplishment of his or her goals in practice, than the physician. And few, if any physicians are satisfied with their practice, or their pay, if they don't have an adequate number of qualified team members to accomplish the health care workload in an expeditious manner. Thus we believe that until DOD and the military resolve their nursing and other health professional shortages, efforts at retaining physicians will meet with limited success.

We believe that the first priority for action by DOD and each military service is something that will not cost them a penny, monetarily, but has great potential to help resolve their nonphysician health professional shortage, and ultimately the physician shortage. **We believe that policies at DOD and within each military service must fully promote the philosophy that** all health professionals have full membership on the military health care team and work collaboratively with each other, as well as with various technical and other support personnel to achieve the military health care mission. Only when such a philosophy is adopted and implemented will efforts and resources be equitably applied to the needs of all team members. Further, the modis operandi for the delivery of health care within the military must recognize the interdependency among all health personnel. The services must recognize and operationalize the utilization of the full competence and capability of each member of that team while maximizing their potential contributions in the delivery of health care services. Only in this manner can each member of theteam be fully valued for the contributions he or she can make in times of peace and war.

NURSING SHORTAGE

Studies of the nursing shortage, including that done by the Secretary's Commission on Nursing of HHS, have all cited the need for nurses to be more involved in decision-making regarding policies that affect nurses and their practice. Admiral Hall, Chief of the Navy Nurse Corps, stated in testimony before this Committee that clinical nursing is the cornerstone of patient care; General Goodwin of the Air Force cited the nurse as the key element in health care; and even the Surgeon General who earlier had lumped all nonphysicians into the category of "ancillary supportive personnel" conceded that nurses are critical members of the health care team and are key to the accessibility and delivery of quality patient care.

It is our belief, not because we are nurses, but because of our experience and knowledge, that military nurses and their technical support personnel are the glue that hold military health institutions together, and make them function as living, vital organism. How many operating rooms in the military services are closed today because of lack of CRNAs or operating room nurses and/or technicians, recovery room nurses, or critical care nurses? And by such closures, how many military beneficiaries are either being referred to CHAMPUS or are waiting inordinate periods of time for needed health services?

While we do not have the exact figures, we know that the numbers are highly significant as well as costly.

Further, we believe that resolving the nursing shortage in the military service is indeed key to accessible, quality, and cost-effective health services for military beneficiaries in times of peace and mobilization and armed conflict. *In addition, we believe that the answer to the problem in the military as well as in the civilian sector is primarily related to the triad of pay, promotion, and practice policies as they relate to high quality practice, maximum utilization of individual capabilities, and thus self esteem. Once self-esteem has been restored among professional nurses, problems related to autonomy and status will take care of themselves.*

CRNA SHORTAGES AND THE MILITARY

AANA has tried to assist the Department of Defense and each of the military services in recruiting and retaining CRNAs both within the military reserves and on active duty. These have included cooperating with military recruiters; writing articles in our publications relative to the active duty and reserve CRNA shortages, encouraging our members to consider military service; making our membership roster available to DOD; and writing to and meeting with military and DOD officials, calling their attention to policies which have, or currently serve as particular irritants to military CRNAs serving as disincentives to retention. Estimates of needs for CRNAs for both the active and reserve forces have been set at approximately 1700. Because of the failure of DOD or the military services to act expeditiously on some of these matters, some of our military members have seriously questionedour efforts. Certainly, the pay of military CRNAs has fallen far behind that within the civilian sector; promotion potential for CRNAs, which affects both morale, pay, and status has seriously declined in the 1980's; and finally, unwarranted practice restrictions, both perceived and real, have served to demean CRNAs, and adversely affect their morale and in some instances their clinical competency. Thus we believe that the basic answer to military shortages of CRNAs, like that for all nurses is centered in the Pay-Promotion-Practice Policies Triad. A fourth area that we must also address relates to education of nurse anesthetists both within and without the military since education of an adequate number of nurses, as well as CRNAs, is essential to meeting the demands for their services both within the military and civilian community.

We have informed the Military Services and DOD over the past few years that pay within the military for CRNAs has seriously fallen behind the pay for civilian CRNAs. Approximately five years ago, once a military CRNA reached the grade of major with about 12 to 14 years service, he or she could expect his salary and fringe benefits to match that of the average employed CRNA in the civilian workforce, who often had attained that level in two to four years. The shortage of CRNAs in the general population, based on both shortfall of graduates and increased demand, has served to increase civilian CRNA income significantly in the past three years to the point where military pay and fringes are no longer comparable to the average employed civilian CRNA. Those who may reach the highest grade anticipated by CRNAs of O-6 (full colonel or Navy captain), show a decided deficit in income when compared with Chief Nurse Anesthetists in major medical centers. We have furnished a chart with our testimony which demonstrates the wide disparity in military pay forCRNAs and the pay of civilian employed CRNAs. (Exhibit 1) This pay differential ranges from about $10,000 to 36,000 per year on the average, with younger officers showing a greater disparity in pay than more senior officers when compared with their civilian counterparts.

The shortage of CRNAs in the military services has caused some shift in military spaces to civilian slots, which may compromise military readiness. But there is a more immediate problem associated with the conversion of such slots and the necessity to either contract with a specific CRNA or with a locum tenum type provider for their services. A known example is where one military medical center has a personnel contract with one such agency for three CRNAs, paying in excess of $204,000 a year for wages alone for the three CRNA to work 40 hours a week, during the day shift, Monday through Friday. While not knowing what the agency actually charges per CRNA, for their overhead and profit, our estimate, based on known charges for such services, would be an additional 25 percent over that of the wages, or roughly $255,000 total. We also know that the three CRNAs thus contracted for receive $68,000 per year, significantly more than most CRNAs on the staff of this medical center who must also work weekends, cover night call, and put in needed overtime without additional pay. When you consider the pay of a junior captain CRNA in the military services, whose base pay and allowances may come to $35,000, this money could be better spent on retaining military CRNAs or in providing a more equitable pay package to enhance recruiting.

AANA PROPOSAL 1: CRNA PROFESSIONAL PAY/BONUS

We believe it is essential that a professional pay or bonus must beinstituted expeditiously for CRNAs if the continuous exodus of experienced, mid-level and senior CRNAs from the military service is to be stopped. Exhibit 2 reflects what we believe such supplements must entail if they are to be effective in retaining CRNAs. These include continuation bonuses and payments for sole anesthetist slots (hardship, isolated, or ship duty), and supplemental payment for CRNA faculty and Chief Nurse Anesthetists in military medical centers. In brief, we believe such a bonus or pay package must range from $5000 to $15,000 per year under most circumstances. For point of comparison, anesthesiologists get up to $40,000 per year additional pay.

The recruiting of CRNAs has always been somewhat problematic for the military services. In the past, the military services have done a better job in preparing their own CRNAs on active duty and retaining them. To what extent this will continue in the future is somewhat unknown since the pay differential between junior officers and civilian CRNAs is significantly greater than that between senior military CRNAs and the average employed CRNA.

AANA PROPOSAL 2: IMPROVING PROMOTION POTENTIAL

Each of the Military Nurse Corps Chiefs has addressed the problems associated with giving constructive credit for nursing experience and advanced nursing education for purposes of initial grade appointment. Promotion potential within the military not only is viewed from the perspective of pay increases, but is most meaningful from the standpoint of military status. Military nurses, including military CRNAs, take seriously their role as military officers and the responsibility and accountability that accompanies that role. Because of the commitment of many nurses, including CRNAs, to military nursing, good promotion potential is probably every bit as essential to a satisfying career as comparable pay with their civilian counterparts. In fact, we have heard many military CRNAs say that militarv pay would not be as great a problem if CRNA promotion potential was better; for example, if a CRNA with an excellent record could reasonably expect to be promoted to O-5 (Lt. Colonel or Commander) by the 16th year of service and O-6 (Colonel or Navy Captain) by the 22nd year.

It is imperative that consideration be given to providing the Nurse Corps the same type of exemption the Medical and Dental Corps have from the Department of Defense Officers Personnel Management Act (DOPMA) so that constructive credit and advanced grade placement will not adversely impact on the promotion potential for officers already on active duty. Further, such exemption could enhance the promotion potential of all military nurses at least up to O-5 (Lt. Colonel or Commander) by permitting fully qualified officers to be promoted with their peers.

AANA PROPOSAL 3: ELIMINATION OF RESTRICTIVE PRACTICE POLICIES

The third point of the incentive triad is practice policies. Over the past three to four years, there have been unwarranted restrictions placed on CRNA practice within the military which have served as severe irritants, causing some CRNAs to leave the services. Further, these restrictive policies have the potential to diminish the competency of military CRNAs. Restrictions have related to DOD supervision ratios for anesthesiologists and CRNAs, weekly evaluations of CRNA performance by anesthesiologists, and proposed and implemented limitations on CRNA practice in facilities where there are no anesthesiologists. The Air Force Manpower Yardstick that Dr. Mayer has supported as the basis for anesthesia staffing in all three services is essentially devised on a 1 anesthesiologist to 3 CRNA ratio. None of the military services routinely assign anesthesiologists to small, isolated, or hardship tours, including service on ships other than hospital ships, during peacetime. To date, CRNAs fill all of these spaces within the military service, affording them both a surgical and anesthesia capability.

We believe personnel ratios are inherently wasteful because they seldom take into consideration the patient characteristics served. From discussions with our members who are in the military service, we have found that the anesthesiologists may use the ratio during normal working hours to limit the number of operating rooms actually allowed to operate, while at night may or may not come in for emergency cases when a CRNA performs the anesthetic. Such ratio policies and the manner in which they are used often fosters animosity between anesthesia providers.

Military practice policies for CRNAs should foster the maximum utilization of their competencies and capabilities. The CRNA scope of practice defined by the American Association of Nurse Anesthetists should serve as the basis for the delineation of clinical privileges of CRNAs, consistent with the individual's education and practice experience.

Numerous studies have demonstrated that there is no significant difference in the outcomes of anesthesia care based on the provider of that care, regarding anesthesiologists or CRNAs. Further, a congressionally mandated study by the Center for Health Economics Research has demonstrated that CRNAs administer anesthesia services to high risk patients, performing complex procedures in the civilian sector daily. This is an essential capability for military CRNAs who may be called on in times of emergencies and armed conflict to have a high level of competency to meet the anesthesia needs of patients with complex trauma. It is our belief that while anesthesiologists can and do provide medical consultation for complex cases during times of mass casualties, they are most often needed to administer anesthesia and provide resuscitative services, like their CRNAs colleagues. Limiting CRNA practice during peacetime is the surest way to undermine their medical readiness for periods of armed conflict or other mass casualty situations.

CRNAs have experience utilizing multiple types of physicians for medical consultation for medical problems perioperatively in the absence of an anesthesiologist. Surgeons, obstetricians, internists, pediatricians, and other medical specialists serve as competent medical consultants for CRNAs when the necessity for consultation arises.

AANA PROPOSAL 4: SCHOLARSHIPS AND CIVILIAN/MILITARY PARTNERSHIPS FOR EDUCATING NURSE ANESTHETISTS

Each of the military services conducts their own nurse anesthesia educational program for active duty nurses who seek to enter this specialty. By the fall, 1989, each of the services will have implemented a two-phase curriculum whereby the principle academic component of the program is offered at one site with the clinical component of the program being offered in multiple sites. At present, the Army has seven clinical sites designated andin use, including one in Hawaii at Tripler Army Medical Center. The Navy has two clinical sites, and the Air Force plan calls for three clinical sites. The manner in which these programs are conducted lends themselves to expanding or contracting to meet service needs so long as the training spaces, faculty and clinical teaching resources are available. However, there are limited numbers of military hospitals both within the continental United States and overseas which have the capability of providing adequate clinical resources for training without additional affiliations.

We believe the provision of scholarships for civilian training of nurse anesthetists, not only for the reserves, but for active duty, could serve as a possible inducement for recruitment. However, if inequitable payback time is instituted, or continued, this may not be an effective inducement. Currently, Army nurses, who go through the 27-month Army nurse anesthesia educational program, are required to pay back six (6) years of service for that education. Anesthesiology residents who acquire 4 years of residency training only have to pay back four (4) years, or one year for each year of residency. In the Navy and the Air Force, students graduating from their nurse anesthesia programs have a four (4) year payback period for their 24 months of training, or two years per one year of training. If such inequitable payback policies are continued, it is possible that in the future it may adversely affect the number of nurses seeking to enter the military nurse anesthesia programs.

Unfortunately, since about 1983, we have lost a significant number of civilian clinical sites for nurse anesthesia training, causing almost a 50 percent decrease in the number of CRNAs being graduated. This has resulted from a variety of causes including the transfer of nurse anesthesia training spaces to anesthesiology medical residency programs, thereby increasing the number of anesthesiologists being trained at the expense of nurse anesthetists. Further, implementation of the Prospective Payment System for Medicare has caused some hospitals concerns regarding educational costs for nurse anesthetists, and they have closed their programs. In fact, even within the military, we have lost some training spaces for nurse anesthetists in major military medical facilities and are having to seek other training sites in smaller hospitals where the full breadth of experience afforded by the major facilities is unavailable. This places a burden on the nurse anesthesia students because it not only requires a major relocation between the academic and clinical phase of the program, it often necessitates affiliations with other institutions to attain the full breadth of clinical experience. This may necessitate an increase in travel and time away from family during the second year of education. We believe that nurse anesthesia education should have coequal priority to medical anesthesiology residency training in the use of the major medical centers within the military. Traditionally, retention of CRNAs within the military services beyond the training payback period has been higher than that for anesthesiologists. As such, nurse anesthetist education may afford a higher return to the military for the resources invested.

Additionally, if we, the profession, could form a partnership with the military to utilize some of their clinical resources, even in smaller military hospitals, for civilian students, it could serve as a recruitment inducement for both active duty and reserve or national guard service. Such partnerships would permit us to prepare more CRNAs and relieve somewhat the civilian shortage, having the potential to bring relief to the upward pressure on wages.

There is a quirk in either legislation or regulation regarding the CHAMPUS

PARTNERSHIP program which should be evaluated for change. By legislation or regulation, (we have been unable to determine which) CHAMPUS partners, nor the clinical resources that they participate in caring for, cannot be used within educational programs. While at the moment the number of CHAMPUS partners and the amount of clinical resources devoted to them are small, this program is relatively new and can grow to the point where it does become problemmatic for some educational missions. We believe the educational prohibition should be removed from this legislation, or its regulations, to assure this program will not interfere with training missions. There is evidence at one military medical center this may already be happening with regards to a nurse anesthesia educational mission.

AANA PROPOSAL SUMMARY

In closing and in summary, we would like to recommend the following actions to this committee:

1. Legislative authorization for meaningful professional pay or bonus for CRNAs within the military must be enacted expeditiously. Our recommendations for additional professional pay and/or bonuses are attached in Exhibit 2 of our written testimony. Under most circumstances, this should permit a minimum of $10,000 per year, based on the willingness of the CRNA to extend his/her service for three years.

2. Promotion potential for nurses, including CRNAs, should be assured for those fully qualified up through the grade of O-5 (Lieutenant Colonel or Commander) by their 16 to 18th year of service. This might be accomplished through exempting the Nurse Corps from DOPMA.

3. Practice policies for CRNAs within the military services should permit them to practice up to their full competence and capability. Any proposed restrictions, inconsistent with the qualifications and capabilities of CRNAs, should require an impact statement with regards to its effect on recruitment

and retention of CRNAs, and the accessibility and delivery of services to military beneficiaries and their costs. It is only through such practice in peacetime, that military nurses, including CRNAs, will be ready to assume their appropriate roles in time of mobilization and war. Further, practice policies which maximize the utilization of CRNA and other nurses capabilities will make military nursing highly attractive and may well serve as an inducement to recruitment as well as to retention.

4. Education scholarships should be made available to military and civilian personnel desiring such support while attending a civilian accredited nurse anesthesia educational program as an inducement to serve on active duty as well as within the reserve forces. However, payback time for both civilian and military students in civilian or military nurse anesthesia educational programs should be equivalent to that of anesthesiology residents for their training. Further, nurse anesthesia education should have coequal priority to clinical teaching resources in major military medical centers.

5. Partnerships between the military and civilian nurse anesthesia educational programs should be encouraged permitting students in civilian programs opportunity to affiliate with a military hospital for a portion oftheir clinical anesthesia training. It would be hoped that such partnerships might lead to an increased recruitment into the military, both the active and reserve forces.

We appreciate this opportunity to present written testimony.

EXHIBIT 1

AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

TABLE 1.
MEAN GROSS ANNUAL SALARY/INCOME FOR CRNA BY YEAR, 1986-89
(Fringe Benefits not included.)

1986	--	$46,000
1987	--	$53,615
1988	--	$58,287
1989	--	$65,830 (Projected, based on trending data.)

Data Taken From AANA Annual Membership Survey.

TABLE 2.
DEFICIT BETWEEN 1989 PROJECTED MEAN GROSS ANNUAL INCOME FOR CIVILIAN CRNAs AND MILITARY CRNAs AT VARIOUS CAREER POINTS IN 1989.
(Figures rounded to nearest dollar. Fringe benefits not included.)

Career Point	Annual Military Pay	Mean Annual Civilian Pay	Deficit Between Military and Civilian Pay
0-2 3 years svc	$30,613	$65,830	$35,217
0-3 8 years svc	$36,586	$65,830	$29,244
0-4 14 yrs svc	$43,966	$65,830	$21,864
0-5 20 yrs svc	$55,435	$65,830	$10,395*
0-6 26 yrs svc	$68,118	$65,830	(+$2288)*

* Since military CRNAs at this level most frequently fill supervisory jobs, these comparisons with the mean annual income of CRNAs do not reflect a valid comparison. Most CRNAs serving in Chief Nurse Anesthetist positions in major medical centers are drawing salaries in excess of $70,000.

Data Extrapolated from AANA Membership Annual Survey Data and 1989 Military Pay Data. Military Pay includes basic pay plus quarters (with dependent rate) and subsistence annualized.

EXHIBIT 2

AMERICAN ASSOCIATION OF NURSE ANESTHETISTS

RECOMMENDATIONS FOR PROFESSIONAL PAY OR BONUS FOR CRNAS ON ACTIVE DUTY WITH THE UNIFORMED SERVICES

1. **PAYMENT FOR CRNAS WHO HAVE ACCRUED A PAYBACK PERIOD OF SERVICE:**

   $5000 Per Year, during period of pay back for any years of payback beyond one year per year of training. For instance, since the Air Force and Navy require a 4 year payback for 2 years of training, a CRNA would be paid the additional $5000 per year for the last 2 years of payback.
   Since the U.S. Army requires a payback period of 6 years for 27 months of training, the payback bonus should extend from the beginning of the 28th month through the sixth year, with the first year bonus prorated for the 9 month additional payback in the 3rd year.

2. **PAYMENT FOR CRNAS WHO HAVE COMPLETED PAYBACK PERIODS:**

   $10,000 Per Year, for extending for 3 years.
   $ 7,500 Per Year, for extending for 2 years.
   $ 5,000 Per Year, for extending for 1 year.

3. **PAYMENT FOR CHIEF NURSE ANESTHETISTS AND NURSE ANESTHESIA FACULTY IN MILITARY MEDICAL CENTERS:**

   $5,000 Per Year for Chief Nurse Anesthetists and Directors of Phase I and Phase II Nurse Anesthesia Educational Programs.
   $3,000 Per year for Didactic and Clinical CRNA Faculty members.

4. **PAYMENT FOR HARDSHIP, ISOLATED, OR SHIP DUTY BY CRNAS:** (This is defined to mean those assignments where a CRNA is the sole anesthesia provider.)

   $5000 PER YEAR.

We would estimate the cost of these bonuses or supplemental pay to be between $4,000,000-$6,000,000 per year for Active Duty CRNAs.

Consideration should be given to a supplemental pay or bonus for Active Reserve CRNAs. We would recommend a supplemental pay or bonus of $100 per weekend drill, and $500 per two week active duty tour. This would amount to approximately $1600 per Reserve CRNA. We believe this may be warranted due to the current shortage of CRNAs in the civilian community and the money CRNAs can make by moonlighting on weekends they would otherwise spend on Reserve training.

Senator GLENN. I want to welcome Mr. David Baine of the General Accounting Office. Mr. Baine, I already gave the intent of your testimony here a moment ago, as you heard. You have several other members of your organization and we would be glad to have them at the witness table. Would you please introduce them so we will know who they are for the record.

STATEMENT OF DAVID P. BAINE, DIRECTOR, FEDERAL HEALTH CARE DELIVERY ISSUES, HUMAN RESOURCES DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JACKIE CLINTON, GENERAL ACCOUNTING OFFICE; WILLIAM HIGHTOWER, GENERAL ACCOUNTING OFFICE; AND STEPHEN BACKHUS, GENERAL ACCOUNTING OFFICE

Mr. BAINE. On my right is Mrs. Jackie Clinton. On my immediate left is Mr. Bill Hightower, and Mr. Steve Backhus. These are the folks who have done most of the work to respond to your request.

Mr. Chairman, we appreciate the opportunity to discuss the result of work you requested, which sought information on some problems encountered during the implementation of the CHAMPUS Reform Initiatve. First, I would like to make a few general comments about the initiative.

As you know, CRI is a complex undertaking that could have significant impact on the way health care is delivered to military beneficiaries for years to come. Both DOD and the RAND Corporation have expressed the view that it is premature to make judgments concerning the initiative's overall effectiveness. We agree with that view.

Nevertheless, today's hearing is timely because, in the next couple of months, DOD will be facing a decision as to whether to extend the initiative for another 6 months, as called for in the contract. It is important to note, too, that there have been some significant achievements made under the initiative. Over 35,000 beneficiaries have been enrolled. The contractor has established an extensive network of physician providers and hospital providers, and it is expected that this network will grow.

Now let me turn for a few moments to some of the early implementation problems. As you know, Mr. Chairman, we reported in March 1987 and testified before this subcommittee that, prior to the award of the contract, industry representatives had expressed concern that the implementation schedule for the initiative was too ambitious and would not allow time for the contractor to develop the necessary support systems to meet the requirements. The industry was also concerned that the initiatives management information system requirements had not been adequately specified.

It is now clear that some of these early concerns were well-founded. One of the most pressing problems during the initial phases of CRI's implementation has been Foundation's inability to implement an adequate claims processing system and other management information systems.

Since the contract's inception, Foundation has had five management reorganizations, several of which have involved realignments of positions and hiring of individuals to address the management information and claims processing difficulties. Foundation has had many complaints from providers concerning late payments or no payments. Although the contract calls for no claims to be over 30 days old, more than 150,000 of these claims were older than that as of mid-May 1989.

Because it has been unable to settle claims timely, Foundation had, until recently, initiated a program of making partial payments to providers. The plan for reconciling the interim payments with pending claims is now being implemented.

The inadequacies of Foundation's claims processing and management information systems are well-documented. DOD has, on several occasions, found that Foundation's information system was deficient in every aspect and that inadequate MIS support adversely impacted nearly every area of the CRI.

DOD concluded that Foundation's unsatisfactory performance in this area jeopardized continuation of the project. In large part, DOD attributed these problems to the fact that this was the contractor's first experience in contracting with the Federal Government.

In January, Foundation entered into a contract with EDS an experienced claims processing and claims administration organization. EDS' responsibility is to provide the hardware and software required to comply with the contract by August 15, 1989.

If EDS' estimates are correct, the backlog of unprocessed claims will be reduced from a number now of about 214,000 to about 150,000 by June 23, and 57 percent will be over 30 days old. According to DOD, EDS has now begun processing a greater number of claims than they receive each week and so it is making some progress toward reducing the backlog.

A second issue regarding the implemention concerns the fact that, notwithstanding the experience of many of the staff in dealing with the claims processing systems, the office of CHAMPUS had played only a limited role in overseeing the implementation of this initiative.

The role of CHAMPUS had generally been one of providing technical assistance and support, rather than directing or influencing the foundation to take corrective actions on any aspect of implementation of its claims processing or information systems. We learned recently from DOD officials that a greater CRI role for CHAMPUS is now under active consideration. I would tell the subcommittee and the chairman that we would encourage that kind of involvement on the part of these experienced folks within DOD.

A third item of concern is the foundation's financial condition. DOD advised the contractor in early January 1989 that a decision to exercise the second option on February 1, 1989, could not be made unless significant progress was made in resolving some concerns regarding the protection of government funds. As a result, an agreement was reached to modify the contract in several ways, all designed to protect government funds.

As a condition for exercising the next option, DOD has now said that other changes will be required to provide additional protection. Mr. Newhall alluded to some of those in his testimony.

Finally, there has been limited progress on the resource-sharing element of the initiative. The purpose of this element was to give the contractor, operating under a fixed-price contract, incentives to maximize the use of less costly military facilities and reduce costs paid for care in the civilian sector. During the negotiation of the original contract, the originally intended incentives for sharing with the military treatment facilities were removed. DOD and Foundation within the last month or so have negotiated a contract modification, which should in fact, help to resolve this matter.

In conclusion, Mr. Chairman, CRI's implementation in California and Hawaii, has been significantly hampered by the difficulties encountered in claims processing operations. These difficulties have consumed a great deal of time and attention on the part of both the contractor and the DOD representatives. The hiring of EDS holds promise of resolving the problems associated with the claims processing difficulties; however, some additional questions remain regarding the contractor's financial condition.

In retrospect, we believe, as others do, that some of the problems that have been experienced in this experiment might have been mitigated if additional developmental time had been permitted before the contract became fully operational. We would suggest that plans to expand the CRI into other geographic areas be delayed until DOD can satisfy itself and Members of Congress with valid documentation that CRI is, in fact, a viable and workable endeavor. We would be more than happy to take your questions, sir.

[The prepared statement of Mr. Baine follows:]

Statement of
David P. Baine, Director
Federal Health Care Delivery Issues
Human Resources Division

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the results of work requested by this Subcommittee which sought information on the problems encountered during the implementation of the CHAMPUS Reform Initiative (CRI). Most of the information we will be presenting comes from documentation prepared by DOD personnel concerning various aspects of the Department's relationship with CRI's prime contractor--Foundation Health Corporation (Foundation)--and from our discussions with DOD and contractor officials.

Before presenting the results of our work, I would like to make a few general comments about CRI. As you know, CRI is a complex undertaking that could have a significant impact on the way health care is provided to military beneficiaries for years to come. Both DOD and the RAND Corporation--with whom DOD has contracted for an evaluation of the Initiative--have expressed the view that it is premature to make judgments concerning the Initiative's overall effectiveness. We agree with that view.

Nevertheless, today's hearing is timely because in the next two months, DOD will be facing a decision on whether to extend the Initiative for another 6 months as called for in the contract. As you know, DOD's last decision to extend the contract was contingent on Foundation's agreeing to numerous conditions, including several designed to improve administration of its claims processing and management information systems and provide more protection of government funds.

In a moment we will discuss several problems that have been encountered in the early stages of the Initiative's implementation.

However, it is important to note that there have also been significant achievements. Over 35,000 CHAMPUS beneficiaries have enrolled in CRI, and the contractor has established an extensive network of providers consisting of over 9,300 health care professionals and 117 hospitals. About 80 percent of the network's physicians are board-certified in their medical specialties.

BACKGROUND

In November 1986, DOD reported to the Congress that it planned to award separate contracts for a demonstration project to reform CHAMPUS in three geographic areas--Florida and Georgia, North Carolina and South Carolina, and California and Hawaii. However, DOD received only one bid in response to its request for proposals --Foundation's response to the request for proposals for the California/Hawaii area.

After protracted negotiations, DOD awarded a contract to Foundation to conduct the CRI demonstration project in California and Hawaii. As shown below, the contract, which was effective on February 1, 1988, provided for a 6-month developmental phase-in period followed by a series of six option periods for contract operations.

Development (February - July 1988)

Operations:

Option 1 (August 1988 - January 1989)
Option 2 (February 1989 - July 1989)
Option 3 (August 1989 - January 1990)
Option 4 (February 1990 - January 1991)
Option 5 (February 1991 - January 1992)
Option 6 (February 1992 - January 1993)

The contract is estimated to amount to over $3 billion over 5 years if all the option periods are exercised. Through April 1989, DOD had paid Foundation about $365 million under the contract. If the project proves successful, the contract allows it to be expanded into Arizona, Nevada, and New Mexico.

Beneficiaries receive health care provided by three companies under subcontract with Foundation--Foundation Health Plan (a subsidiary of Foundation), Partners Health Plan, and Queens Health Care Plan. Under a separate subcontract with Foundation, Blue Cross of Washington/Alaska processes claims for care to beneficiaries who choose to remain in the basic CHAMPUS program.

In general, CRI provides three options to CHAMPUS beneficiaries:

-- CHAMPUS Prime - a program requiring enrollment by beneficiaries to receive--at minimal cost--all of their civilian-provided care from the contractor-established provider network.

-- CHAMPUS Extra - a program not requiring beneficiary enrollment but offering care provided by the contractor network at reduced costs to the beneficiaries.

-- Standard CHAMPUS - regular CHAMPUS benefits continue to be available to beneficiaries who do not have the opportunity or choose not to participate in either CHAMPUS Prime or Extra.

IMPLEMENTATION PROBLEMS AFFECTING CRI

As you may know, Mr. Chairman, we reported[1] to the Subcommittee on Military Personnel and Compensation of the House Committee on Armed Services that industry representatives expressed concern that the implementation schedule was too ambitious and would not allow time for adequate contractor development of necessary support systems to meet the Initiative's requirements. Industry was also concerned that management information system requirements had not been adequately specified. As we discuss below, these early concerns were well founded.

Claims Processing System Inadequate

Since CRI operations began on August 1, 1988, Foundation has experienced a great deal of difficulty in processing claims from providers. As a result of its inability to process claims on a timely basis, Foundation entered into a contract with Electronic Data Systems Federal Corporation (EDS) to develop a processing system for its provider claims. The EDS system began claims processing operations in mid-April 1989--just 3-1/2 months before DOD must decide whether to exercise the next contract option. The effectiveness of the EDS-developed system in reducing Foundation's backlog of provider claims is not yet known. However, EDS estimates that between now and June 23, the backlog will be reduced by 30 percent and that it will be able to process over twice the volume of incoming claims.

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[1] Defense Health Care: CHAMPUS Reform Initiative: Unresolved Issues (GAO/HRD-87-65BR, Mar. 4, 1987).

Since the contract's inception, Foundation has had five management reorganizations that have involved key personnel realignments, the most recent occurring on March 17, 1989. Several of these changes have involved realignments of positions and hiring of individuals to address the management information and claims processing system difficulties encountered by the contractor.

Foundation has had many complaints from providers concerning late payments or no payments. As of May 12, 1989, Foundation reported that there were more than 214,000 unprocessed claims in inventory. The contract calls for no claims to be over 30 days old. However, more than 150,000 of these claims--or about 70 percent--were over 30 days old. If EDS's estimates are correct, the backlog of unprocessed claims will be reduced to 150,000 by June 23, 1989 and 57 percent will be over 30 days old. According to DOD, EDS has begun processing a greater volume of claims than it receives each week.

Because it has been unable to settle claims timely, Foundation has, until recently, made partial payments to providers. Subsequent to the EDS claims processing system becoming operational full payments were begun. A plan for reconciling interim payments with pending claims is being implemented.

The inadequacies of Foundation's claims processing and management information systems are well documented. As early as March 1988, the contracting officer noted that the delay in the development of a claims processing system was the most significant problem facing the CRI implementation. In June 1988, DOD conducted a benchmark test[2] of Foundation's systems' ability to process claims in a timely and effective manner and to produce the data needed to adequately monitor the contractor's performance. The test showed evidence of major system development and programming problems, which prompted DOD to schedule a comprehensive evaluation in July 1988.

The July evaluation confirmed the existence of serious deficiencies in information systems support, but DOD believed that the system met the minimal requirements for an August 1, 1988, initiation of CRI's operation. At the same time, DOD decided to monitor Foundation's development efforts more closely. Between September 1988 and February 1989, when the contract was extended, DOD increased its monitoring of Foundation's progress. A site visit conducted by DOD in mid-September 1988 found:

> "the Foundation Health Corporation's MIS [management information system] support to CRI operations and management [is] deficient in every aspect and at every organizational level...Neither the nature and scope of MIS problems nor FHC's [Foundation Health Corporation] efforts and plans for resolving them had been fully or effectively communicated to the Health Plans or the government. The inadequate MIS support adversely impacts every area of CRI from marketing and enrollment, to network expansion, to provision of managed care, to processing of claims. Since poor or inadequate functioning in any of these areas can adversely impact on each of the others, unsatisfactory performance in MIS jeopardizes continuation of the entire project."

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[2] An evaluation that assures the government that a system is working and ready to perform in accordance with contract requirements and that indicates what "fine-tuning" remains to be done.

DOD has expressed frustration over Foundation's lack of responsiveness to demands for contract compliance. In large part, DOD attributes this problem to the fact that the CRI contract is Foundation's first contract with DOD.

To address all aspects of improving its claims processing operations, Foundation entered into a contract with EDS, an experienced nationwide claims administrator. EDS's responsibility is to provide the hardware and software required to comply with the contract. In mid-April 1989, EDS began processing in-system claims for CRI. Final system modifications are scheduled for completion on August 15, 1989.

OCHAMPUS Role in CRI Implementation Limited

Notwithstanding the substantial experience of many of its staff in dealing with CHAMPUS fiscal intermediaries and claims processing issues, the Office of CHAMPUS (OCHAMPUS) has played only a limited role in overseeing the implementation of Foundation's claims processing and management information systems. It is not possible to say with certainty that the problems encountered in the Initiative's implementation would have been reduced had OCHAMPUS been granted policy and operational authority of these aspects of Foundation's operations.

From the outset of this project, responsibility and authority for developing and implementing CRI has been in the Office of the Assistant Secretary of Defense (Health Affairs). The role of OCHAMPUS--as one of several organizations within that office--has generally been one of providing technical assistance and support. OCHAMPUS could not direct or influence Foundation to take corrective actions on any aspect of the development or implementation of its claims processing or management information systems.

OCHAMPUS documents reflect that, on several occasions before DOD's decision to contract with Foundation, it pointed out to Health Affairs the risks involved in carrying out such a large-scale health care procurement with the complexities of the Initiative. OCHAMPUS noted the problems that were historically encountered in the first months of a fiscal intermediary contract and, among other things, recommended that the implementation phase be 1 year rather than the 6 months ultimately decided upon.

Our examination of CRI documents shows that OCHAMPUS repeatedly reported to Health Affairs the floundering efforts of Foundation to develop and implement a workable claims processing system, during both the developmental and the operational phases of the project. For example, in a March 23, 1988, report of a visit to Foundation, OCHAMPUS stated that the development of the claims processing system was behind schedule and that it might not be operational by August 1, 1988. Another report dated May 20, 1988, stated that no claims processing system existed at Foundation. As we indicated earlier, notwithstanding these and subsequent concerns regarding Foundation's system development efforts, DOD believed Foundation's system met the minimum requirements for the August 1, 1988, initiation of operations.

The role of OCHAMPUS in this Initiative was further reduced in March 1989. In a memorandum to the Director, OCHAMPUS, the Assistant Secretary stated that he had decided to give OCHAMPUS oversight responsibility for out-of-system (standard CHAMPUS) CRI claims processing activities. Another Health Affairs office--the Directorate of Program Implementation and Operations--was given responsibility for monitoring and directing Foundation's in-system claims activities. However, DOD officials told us on May 22, 1989 that a greater CRI role for OCHAMPUS is now under active consideration. Possible changes in responsibilities include (1) the contract administration function; (2) monitoring in-system claims operations; and (3) the assignment of a limited number of OCHAMPUS staff to provide on-site advice at the contractors' location. DOD officials explained that an expanded role for OCHAMPUS was always envisioned once the implementation of CRI became more routine. These probable changes appear reasonable to us since OCHAMPUS has a wealth of experience with standard out-of-system claims and knowledge of contract administration involving other fiscal intermediaries.

Foundation's Financial Condition

DOD has noted in several reports, dating back to September 1988, significant concern regarding the financial condition of Foundation. Because of this concern, DOD advised the contractor in early January 1989 that a decision to exercise the second option on February 1, 1989, could not be made unless significant progress was made in resolving DOD's concerns regarding protection of government funds. As a result, an agreement was reached to modify the contract payment schedule so payments are more closely linked to Foundation's performance (i.e., prompt claims payment). Also the contract was modified so that Foundation would pay government funds into segregated escrow accounts at the plan level. The latter modification requires that government funds be kept in accounts separate from other corporate funds and that DOD approval must be given before funds are released from those accounts. DOD officials told us as a condition for exercising the next contract option, DOD will require other changes intended to provide additional protection of government funds.

Mr. Chairman, much of the data regarding Foundation's financial condition are of a proprietary nature. These data are being continuously examined by the Defense Contract Audit Agency, which has designated much of them "For Official Use Only." Because of these factors, we suggest that if the Committee wishes to pursue issues relating to Foundation's financial condition, these discussions be the subject of a closed hearing or briefing by DOD representatives familiar with this situation.

Substantial Progress on Resource Sharing Lacking

One of the cornerstones of CRI was the idea of allowing the contractor to refer military beneficiaries to local military treatment facilities and augment the staff and other resources of those facilities to help reduce the costs of treating those beneficiaries. The purpose of the resource sharing was to give the contractor, operating under a fixed price contract, incentives to maximize the use of less costly military facilities and reduce government costs paid for care in the civilian sector.

During DOD's and Foundation's negotiation of the final contract provisions for the Initiative, the originally intended incentives for contractor resource sharing with military treatment facilities were removed. Accordingly, the sharing program has not lived up to its original expectations. According to DOD officials, a recent contract modification should help resolve this matter. Currently, Foundation has seven sharing agreements (5 more than before the contract modification) and expects to have 20 such agreements by July 31, 1989. There are numerous other proposals under consideration.

CONCLUSION

Mr. Chairman, CRI's implementation in California and Hawaii has been significantly hampered by difficulties encountered in Foundation's claims processing operations. These difficulties have consumed a great deal of time and attention on the part of both DOD and Foundation. The hiring of EDS holds the promise of resolving the problem associated with claims processing. However, additional questions remain regarding the contractor's financial condition. In retrospect, we believe, as others do, that some of the problems experienced might have been mitigated if additional developmental time had been permitted before the operational aspects of the contract began.

Looking to the future, we suggest that plans to expand CRI into other geographic areas be delayed until DOD can satisfy itself and the Congress, with valid documentation, that CRI is a viable and workable endeavor.

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This concludes my prepared statement. We will be glad to answer any questions you or other members of the Subcommittee may have.

FINANCIAL SITUATION

Senator GLENN. Thank you. Following up on your last comment, what is this financial situation? Did you look into it enough that you could give us an opinion? Is continuation of the project in jeopardy because of the financial situation?

Mr. BAINE. Our assessment, sir, is that it could be. The details of the finanical circumstances of the foundation is a subject that the Defense Contract Audit Agency has been monitoring almost on a daily basis, as I understand it.

Much of the information, and many of the details about the financial situation are proprietary, and if, in fact, we were to get into that, I would suggest, that it be the subject of a closed briefing to you by the Defense Contract Audit Agency and us.

Senator GLENN. Okay. We may want to look into that. Are there any projections should this occur? Let us say they went under. What would be the immediate impact on the beneficiary population? Would that be chaos or is there some plan?

Mr. BAINE. As we understand it, and Bill can elaborate on this, DOD has given some thought to what would transpire if, in fact, the contract went down. Some of these plans have to do with the

Defense Department managing the overall initiative by itself and then working with the individual plans that were, subcontractors.

And I suppose the "worst case" would be that the 35,000 to 38,000 people who have now enrolled would go back to the standard CHAMPUS program.

Senator GLENN. I have been handed a note that I misstated something, and I believe I did. Mr. Newhall, who is still in the room here, I think he stated it would be the end of July. Is that correct, for it to be caught up?

Mr. NEWHALL. The end of July.

Senator GLENN. Okay, end of July. And I had indicated I thought it would be the 1st of July and I did say that. I want to correct that for the record. Do you think that they will be caught up by the end of July, that they have a good chance of doing that?

Mr. BAINE. Maybe it is just the nature of our organization. But we are not as optimistic that that is going to be the case as is Mr. Newhall. Jackie can tell you our rationale for that, if you would like to hear it, sir.

Ms. CLINTON. Mr. Chairman, EDS, as was mentioned earlier, has just begun to process more claims than it receives each week. And by the end of July, it seems to us, that there will still be somewhat of a backlog of maybe 25,000 or so claims remaining to be processed. However, EDS has made significant progress in this regard, as you heard earlier.

Senator GLENN. What is your view? Do you think they will meet the end of July deadline?

Mr. BAINE. Our sense is that it is going to be a real push. Perhaps they will. I heard you say earlier, that schedules have been established for this kind of thing in the past. These schedules have not been met. And I guess that is part of the reason for our sort of pessimistic view on this.

Senator GLENN. You mentioned there should have been more time spent in other areas, going into this, that is water over the dam at this point. What are the most important lessons we have learned from the implementation of this that may guide us in the future?

Mr. BAINE. I believe the really important lesson, Mr. Chairman, is that you have a concept that is a very complex undertaking. It was an ambitious complex concept to deal with. And those things need some developmental time. In addition the contractor who was awarded a contract had not done much business with the Government. That took some time.

If there are some lessons to be learned, it is our understanding that if this goes well there is going to be an expansion of this concept to other areas in the country. And, in fact, Foundation, as I understand it, can expand to a couple of other States in the West.

Before such an expansion would take place, I think it is really important to understand what the initiative has done and can do, and to learn from this in terms of how much time it takes for a contractor to get up and running on one of these things. It would be a shame to dispense with a concept that could and should work, because of the scheduling.

Senator GLENN. What would you recommend we focus on for our considerations, both for short- and long-term viability of CRI? Is there anything you would recommend to us in that regard?

CLAIMS MANAGEMENT

Mr. BAINE. I believe in the short-term, the claims management issue is a serious issue that has some significant side effects. Much of the information that is going to be used to evaluate the initiatives comes from the claims processing system.

So long as the claims processing system is deficient and behind, it is going to be very difficult to have a thorough evaluation schedule to know whether it is feasible to expand into other areas of the country. Both RAND and DOD say it is too early to deal with the overall effectiveness of the initiative.

And we agree with that. This is a very difficult evaluation to make, in terms of how it stacks up on a cost basis with standard CHAMPUS. What kind of a baseline information is DOD going to use to make that assessment? And there are numerous other factors, such as beneficiary satisfaction and those kinds of things, which are also difficult to get a handle on.

Senator GLENN. If any of those things happen, we will not really know what the cost savings are. Can we make estimates on cost savings at this point?

Mr. BAINE. No, sir, not that we could rely on.

The reason for that is the claims system is not up and running enough to have a body of information to make the evaluation on the in system claims side. And on the other side, I think it is important for the committee to understand and for DOD to understand what kinds of CHAMPUS costs are you talking about. Are you talking about CHAMPUS cost before DOD went to its prospective payment system? Or after? Those are kinds of things that I think that will have to be addressed when DOD makes this evaluation.

Senator GLENN. Thank you. Do you gentlemen have any further comment or, Mr. Baine, do you want to call on anyone else here for specific comment in this regard? If you do, why, go right ahead.

Mr. BAINE. No, sir.

Senator GLENN. Pete, we are all wound down here. I asked the generals, the admiral, and Mr. Newhall, the Assistant Secretary of Defense, who were on our first panel, to stay for Mr. Baine's testimony from GAO, and we are all set to wind down here.

We are glad to have our distinguished colleague from California join us, and I would point that out in case you wanted to ask the first panel questions. I asked them to sit up here because it was crowded back there.

Senator WILSON. Well, I appreciate your courtesy and I apologize. I have been around the corner in 222 with General Cassidy and Secretary Pyatt trying to deal with something else that was sick.

This subject is of enormous interest to me and I am particularly interested in the reports that you have received on CRI. I gather that I missed a report from the Office of the Secretary of Defense that they anticipate that the claims backlog will be pretty caught up with by the end of July and I have just heard the statement that both RAND and DOD agree that it is too early to evaluate the performance by Foundation that—and I also heard the statement that this has the potential if successful to spread to other States.

The purpose, obviously, in undertaking CRI was dissatisfaction with CHAMPUS, not only in terms of costs but also in terms of the quality of care. And I would be interested, whether or not—and I missed this, if this was in the testimony, I apologize—but I would be very much interested in what response you have had from the 850,000 recipients of care under CRI with respect to the quality. Have there been improvements?

One of the complaints that prompted the reform initiative in the first place was the complaint that, at military hospitals and even under CHAMPUS, we were seeing an awful lot of people who could not see the same physician twice. There was no continuity, no consistency.

One of the benefits that was looked for from CRI was this benefit, as well as the hope that by being able to contract out some of the more, I will say, pedestrian kinds of treatment, we would be reserving to the military hospitals opportunity to concentrate in those areas that held the best potential for training in the specialties where we are particularly in need in performing the primary mission of military medicine, which is the treatment of combat patients, combat casualties.

Have we had the kind of response yet, or would you say it is too early to evaluate that as well?

Mr. BAINE. Senator Wilson, we have not done a patient satisfaction survey. It is our understanding that as part of its evaluation methodology RAND, in fact, has gotten some preliminary information about beneficiary satisfaction. And it is our understanding that the beneficiaries are, in fact, pretty satisfied. Those who are enrolled are pretty satisfied with the CHAMPUS prime feature——

Senator GLENN. Pete, if you would yield, I might suggest that Mr. Newhall answer that question. He is representing the Defense Department, if you wanted to have him comment on it.

Senator WILSON. Fine.

Mr. NEWHALL. Yes, the indications are that, despite a serious downside on such things as claims processing, that there have been many, many positive aspects of CRI according to both RAND Corporation and the Department.

I have to caveat that by saying, as Mr. Baine has pointed out, that the claims processing and management information system problems have kept us from having absolute firm proof, but the baseline survey done by RAND plus some followup indicate high patient satisfaction. The fact that the enrollment rate is twice as great at this point in time——

Senator WILSON. Twice as great?

Mr. NEWHALL. Twice as great as we had anticipated. At least anecdotally, an indication that we are getting a good report card out there from the beneficiaries. The military treatment facility commanders seem to be very positive. We are no longer making our beneficiaries seek health care providers in the Yellow Pages. We have in place in all of the MTFs, the health care finder function that we had talked about last year. That seems to be well-received by both beneficiaries and by the MTF commanders.

So that most things about the CHAMPUS Reform Initiative, most of its aims, seem to be being met. The exception being—and it is a serious one—that the claims processors, and there were really two, the prime contractor was acting as the claims processor until he got in such deep trouble for the managed care portion, and then one of our very experienced fiscal intermediaries, Blue Cross of Washington/Alaska, which had had one of the best tract records of any CHAMPUS fiscal intermediary, was the subcontractor for the standard CHAMPUS side of the CHAMPUS Reform Initiative, which still makes up about 60 percent of the work volume.

Both sides of claims processing got in, as you know, deep trouble last fall, late fall. What I do want to point out again is that the Blue Cross Washington/Alaska side, which accounts for just over 60 percent, looked awful in January and is totally cleaned up at this point, better than contract standard. It is true that the Department said that EDS, which was hired to do the managed care claims processing, would be up to date by June 15. We are now revising that and saying, at the very latest, by the end of July. We are slipping that by 6 weeks, but I think we have had a pretty good tract record as far as getting the problem fixed when we said it was going to get fixed.

The Blue Cross Washington/Alaska piece was fixed on time. EDS started the day they were scheduled to start, April 17, and last week started paying more claims than they were getting in, so I feel; fairly confident. But I am glad you asked about the things other than claims processing, because we think there is good beneficiary satisfaction.

Senator WILSON. I do not know if there is any exact analogy in terms of the employment of the new technology, apart from perhaps the institution of CHAMPUS itself, but I was just curious as to what historically has been the time—the shakedown time of a requirement for a new method of operation of this kind.

Mr. NEWHALL. As you know, there has been nothing like this, before, but I say that the shakedown period required just for a switch of a conventional CHAMPUS contract from one fiscal intermediary to another causes problems a majority of the time. In my experience over the last 5 years when we have changed from one fiscal intermediary to another we have been in trouble 60 percent of the times for many months, once for as long as 1½ years or 2 years.

Senator WILSON. So based on that, what we have experienced thus far does not seem to be necessarily out of line with the historic experience?

Mr. NEWHALL. No, sir.

Senator WILSON. Thank you very much. I am sorry that I was late, but I appreciate being able to get those questions in.

Senator GLENN. Thank you, Pete—Senator Wilson was formerly chairman of this subcommittee and did so much work in this area.

I want to close the hearing by summarizing where I think we are and where we are heading on military medical care. Way back in 1977, President Carter directed a searching organizational review into several resources management issues, one of the issues being the military health care system.

The results of that review were embodied in the Defense Resource Management Study, DRMS, a report submitted to the Secretary of Defense in 1979, 10 years ago. It is interesting that that study was completed under the direction of Donald B. Rice, who just recently became the new Secretary of the Air Force.

With respect to military medical care, that report concluded, and I quote, "At one time the military services were generally considered to offer the best medical benefit program in the country.

In recent years, however, military personnel, retirees and departments appear to be increasingly dissatisfied with it. Unavailability of services, long queues, negative attitude of providers, administrative mix-ups and excessive cost of CHAMPUS are among the most frequently heard complaints."

Well, here we are, 10 years later, and I know we have made some progress, we feel, but it is striking how little has changed when it comes to such basic matters as the adequacy of peacetime care, medical readiness and determination of requirements.

In many respects, the quote from the DRMS report is just as applicable as if it has been written today. Indeed, it would be possible with just a very small amount of editing to reissue Chapter 5 of the report on military health care as a study of the situation today.

I think it is for us to recognize we have not made nearly as much progress as we should. It is time for us to make up our minds the situation needs to be turned around. It is time for us to get down to the hard, cold facts. It is time for us to use these facts and to define the problem, develop alternatives and then decide on a plan of action that sets priorities and milestones, sets dates when we expect things to be in certain order.

I do not expect it all to be done within the first 2 weeks, but we should set dates that are realistic, pad them a little bit for whatever slippage and then expect us to meet those dates. We have not done that through the years, basically. And we are going to have to commit ourselves to resources the plan and implement it on a systematic basis.

Now, that gets us in the act over here, because resourcing the plan is something we play a vital role in, obviously. As I alluded to in my letter to Secretary Cheney, I am determined to take on this difficult task and I trust that the Department of Defense shares this commitment and we can work out a long-term solution to the health care problem in the military. It will not be easy, but it has got to be done, period.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

UTILIZATION OF OLDER PHYSICIANS

Senator GLENN. In the Fiscal Years 1988/89 National Defense Authorization Act, Congress expanded the accession and retirement ages for military physicians. Mr. Newhall, could you describe the steps DOD has taken to implement these expanded authorities?

Mr. NEWHALL. In March 1988, a memorandum was sent to the Military Departments directing them to implement the age provisions of the Fiscal Years 1988/89 National Defense Authorization Act. By July 1988, the Military Departments' implementing instructions had been written and disseminated to the field. The new authority has been used since July 1988. We are monitoring the implementation and effectiveness of these changes.

Senator GLENN. In the Fiscal Years 1988/89 National Defense Authorization Act, Congress expanded the accession and retirement ages for military physicians. What efforts have the services made to encourage the medical community to participate in this program?

General LEDFORD. The Army continues to target both its active duty and reserve physician recruitment efforts towards critical shortage skill specialists, primarily surgeons. While we do not target any specific age group, we nevertheless have seen increased activity from physicians in the over 40 age category who now are either interested in practicing military medicine or seeking a reserve affiliation. We have informed our recruiting force of both the expanded entry and retention ages. The response has been that the upper age ceiling has enabled them to now recruit a number of well-qualified candidates who now may qualify for a military retirement or are now eligible to serve for a longer period of time. As an example, in fiscal year 1988, 164 of our 422 U.S. Army Reserve and 29 of our 93 active duty Medical Corps volunteer accessions were 40 years of age or over. Thus far in fiscal year 1989, approximately 10 percent of our U.S. Army Reserve and 33 percent of our active duty Medical Corps volunteers fall into this age category. These expanded age categories, combined with our existing volunteer Medical Corps incentive programs, have given us increased flexibility to attract and keep these critical specialists.

Senator GLENN. In the Fiscal Years 1988/89 National Defense Authorization Act Congress expanded the accession and retirement ages for military physicians. What efforts have the Services made to encourage the medical community to participate in this program?

Admiral ZIMBLE. Policy statements have been issued by the Secretary of the Navy with implementation memos to field recruiters. Policy instructions and recruiting manuals have been amended to reflect the change. Monthly newsgrams keep recruiters apprised of changing policy. Advertising materials also reflect the changes.

The percent of direct accessions and recalls appointed to active duty in the Medical Corps who were 40 and older increased from 25 percent in fiscal year 1986 and fiscal year 1987 to 49 percent in fiscal year 1988 and 67 percent during the first two quarters of fiscal year 1989.

MEDICAL COMMUNITY

Senator GLENN. What efforts have the services made to encourage the medical community to participate in this program?

General MILLER. The Air Force Recruiting Service has informed all medical recruiters of this enhancement and they are, of course, actively pursuing qualified physicians at all eligible ages. We have also widely disseminated information regarding the increased retirement age throughout the Air Force Medical Service. Examples include a briefing at our worldwide medical staffing conference and MAJCOM/SG conferences. To date we have approved five physicians with critical wartime skills to remain on active duty beyond age 65.

ENROLLMENT

Senator GLENN. The Fiscal Year 1987 DOD Authorization Act required the Department of Defense to establish a health care enrollment system. The system was to have been phased in over a three year period and fully implemented nationwide by October 1, 1990.

On May 5, 1989, the committee received from the Department of Defense a report entitled "Supplemental Report on Enrollment." Mr. Newhall, you indicated in your cover letter forwarding the report that every eligible beneficiary will be correctly registered in DEERS by the October 1, 1990 deadline, but that full enrollment will not be accomplished for several years.

I agree with the Department's efforts to broaden the scope of information contained in the Defense Eligibility Enrollment Reporting System. This type of centralized information system goes a long way toward getting a handle on the requirements and utilization patterns of the beneficiary population.

But I'm concerned about the length of time it has taken DOD to come to grips with development of an enrollment system. It appears that after 3 years have passed, and the deadline for this draws near, that you have made little progress.

Will DOD be able to comply with the requirement in law to have a fully implemented nationwide enrollment system by October 1, 1990? If not, why not?

Mr. NEWHALL. Our enrollment plan has two components—registration and plan election. In the registration component, information on beneficiary status, address, other health insurance coverage, and preferred primary location for obtaining care will be collected for all beneficiary families. We anticipate that by the statutory deadline of September 30, 1990, correct, complete information on nearly every eligible beneficiary will be collected and tabulated. Thus, regardless of the specific allocation of functions among civilian and military managers that evolves under the composite managed care model, beneficiaries will be registered and the managers will know the people for whom they are responsible and the underlying demographic characteristics that determine the most cost-effective care location.

For the election component, our reassessment underscored the need for careful attention to cost comparisons between the MTFs and CHAMPUS. The conventional wisdom that the direct care system is always cheaper for DOD is faulty; CHAMPUS is sometimes cheaper. To maximize cost-effectiveness and avoid increasing costs inadvertently, caution must be exercised in devising the health care plans to be made available for beneficiary election. The best way to do this is to carry through with the current process of testing three alternative approaches and working toward the emergence of a composite model managed care system. We estimate that by September 30, 1990, roughly half of the beneficiaries in catchment areas nationwide will have a managed care enrollment plan available to them. We expect that within approximately 2 years following that date, all beneficiaries in catchment areas across the Nation will be able to elect a health care enrollment plan, based on the composite model, for care of all covered services.

Senator GLENN. Would you explain the steps that have been taken since the requirement was enacted 3 years ago to fully comply with the October 1, 1990 deadline?

Mr. NEWHALL. The Department has pointed out that the original impetus for an enrollment system—unpredictability in health care budgeting and inadequate management incentives—has been materially addressed in other ways; that enrollment remains a useful tool within the context of a managed care system; and that the Department's original perspectives on meeting the statutory deadline through the expansion of the managed care system of the CHAMPUS Reform Initiative (CRI) have shifted. As a result of Congressional direction and Departmental refocus, nationwide implementation of a managed care system has been deferred pending the evolution of a composite managed care model that incorporates the best of three approaches currently being tested and evaluated.

Senator GLENN. Is it the DOD General Counsel's and OMB's view that the May 5, 1989 report satisfies the legislative requirements contained in section 701 of the Fiscal Year 1987 National Defense Authorization Act?

Mr. NEWHALL. The DOD General Counsel and OMB concurred in the reports.

Senator GLENN. How confident are you that all eligible beneficiaries will be correctly registered in DEERS by October 1, 1990?

Mr. NEWHALL. We anticipate that by September 30, 1990, roughly half of the beneficiaries in catchment areas nationwide will have a managed care enrollment plan available to them. We expect that within approximately two years following that date, all beneficiaries in catchment areas across the nation will be able to elect a health care enrollment plan, based on the composite model, for care of all covered services. We anticipate that the statutory deadline of September 30, 1990, correct, complete information on nearly every eligible beneficiary will be collected and tabulated.

NURSES

Senator GLENN. The seriousness of the shortfall in qualified nurses nationwide can have a devastating effect on the military medical health care system. I had hoped that the Department of Defense would develop a plan to attract and retain nurses in the military services. I understand a report has been drafted but we have not yet received that report. There has recently been serious discussion about the establishment of a DOD school of nursing. Given the decline in enrollment in existing nursing programs throughout the country, what are your views on such a proposal?

Mr. NEWHALL. As a part of the overall review of possible financial assistance incentives for nursing education, the Military Departments are examining the feasibility of establishing a uniformed services school of nursing. Still in the data collection and analysis stage, this initiative has not been presented to Health Affairs, and it is too early to predict what the Services' findings and recommendations will be. In the absence of even preliminary findings, it is premature to make an informed judgment about the advisability of a DOD-sponsored nursing school. A Health Affairs position can be determined after thorough analysis of the results of the Services' cost-benefit study.

JOINT HEALTHCARE MANPOWER STANDARDS

Senator GLENN. What is Health Affairs doing to implement the Joint Healthcare Manpower Standards?

Mr. NEWHALL. We have developed an initial set of 25 Joint Healthcare Manpower Standards that are being published at this time. Those standards cover most of the ambulatory clinic and inpatient nursing areas. Another 14 standards have been developed and are presently being reviewed for implementation. The Air Force, who we have appointed as the Executive Agent, has formed a Joint Healthcare Management Engineering Team to perform joint healthcare standards development activities. There are approximately one hundred manpower standards covering all medical treatment facility operations under development or scheduled for development. The Joint Healthcare Management Engineering Team, which is staffed by the Army, Navy, and Air Force, is developing new manpower standards and continuing to refine existing standards to increase their precision and broaden their applicability. Our standards development schedule reduces by as much as 50 percent the time that the Services have typically taken to develop their own standards where they existed.

Senator GLENN. When do you expect the system to be able to accomplish the stated purposes?

Mr. NEWHALL. The system has already begun to serve us by improving our ability to uniformly identify the right numbers and mix of staff to deliver care or support the delivery of care to our patients. The standards are now being used to support staffing analyses by both OSD and the Services. Recently, the manpower standard being developed for medical records staffing helped us to support our contention that we were indeed critically short of technicians in the medical records area. The new manpower standard for nursing is assisting in accurately identifying where our inpatient nursing requirements really exist. The development of these standards entails a continual search for the best forecasting tools. In that respect, we are now focusing on the use of diagnostic related variables, such as diagnosis related groups and ambulatory visit groups, as measures of workload intensity. Our existing standards are being prepared for incorporation of diagnosis related factors and all future standards development will include the use of a diagnostic measure where applicable.

Senator GLENN. Are the services providing uniform data to you to develop this information?

Mr. NEWHALL. Health Affairs and the Services are working together to ensure the availability and accuracy of data being provided to develop and apply the manpower standards. There has been some difficulty in obtaining data of acceptable quality in the past. Unfortunately some of the data needs of the standards do not reside in existing systems. The Defense Medical Information System (DMIS) is the principal source of workload data for applying the Joint Healthcare Manpower Standards. The two major systems providing data to DMIS are the Medical Expense and Performance Reporting System (MEPRS) for Fixed Military Medical and Dental Treatment Facilities and the DOD Inpatient Data Reporting System. Both of these systems have been or are being improved to provide uniform expense, workload, and manpower data. However, other workload data and facility operational characteristics required to apply the manpower standards that are not presently provided through one of these systems are acquired through a formal request to the Services. It is very difficult to verify the quality of that data. It is our plan to incorporate those data elements into existing systems through expansion of the systems and to ensure that controls exist which ensure the accuracy of the data.

COMPOSITE HEALTH CARE SYSTEM

Senator GLENN. What is the status of the Composite Health Care System (CHCS)?

Mr. NEWHALL. Development of CHCS is proceeding on schedule and in a satisfactory manner. To date, approximately 70 percent of the CHCS system has been developed, tested and accepted by the Government for installation in the CHCS operational testing sites.

A comprehensive software development methodology has been activated to ensure that medical functional experts from the Uniformed Services exercise significant control over CHCS functional design. This process ensures that CHCS will effectively meet the needs of military medical treatment facilities.

Senator GLENN. When will CHCS be deployed?

Mr. NEWHALL. CHCS is being evaluated at 14 operational test hospitals and 51 dependent clinics in both the continental United States and overseas. Ten of these hospitals have the system installed and are using its capabilities in providing day to day patient care. Four additional sites are in various stages of installation. These will be operational by late Fall of this year.

Further deployment will begin upon approval by the Department's Major Automated Information Sytsems Review Council, planned for August of 1990. The rate and nature of deployment will be based on the results of the operational test and evaluation at these 14 sites and a benefit/cost study over the projected life cycle of the system.

Senator GLENN. Will CHCS remain centrally funded? If not, what effect will this have on future deployment of the system?

Mr. NEWHALL. CHCS funding has been decentralized to the Army, Navy and Air Force beginning in fiscal year 1992 for system deployment, system operations and hardware maintenance. CHCS funding will remain centralized within DMSSC for software development, software maintenance, engineering and contract management.

Centrally funding CHCS provides for efficient administration and CHCS contract management. While decentralized funding will create challenges in these areas and may lengthen deployment, it will also provide Service-level management flexibility.

COMPOSITE HEALTH CARE SYSTEM (II)

Senator GLENN. You mention in your statement that you plan to build on the automation support included in the initial deployment of CHCS and initiate the Comprehensive Health Care Management Project. What are the specific benefits you hope to achieve from this project?

Mr. NEWHALL. We expect this project to provide the tools we need to better manage health care in a wide range of direct care facilities both here and overseas. Specifically, we anticipate that the features of the Comprehensive Health Care Management Project will enable us to:

aid health care providers through comprehensive automation support

capture outpatient data regarding reason for visit, treatment, and diagnosis

facilitate development and application of uniform joint staffing standards (disease-based for patient care work centers)

facilitate collection and use of uniform data on quality assurance in both inpatient and outpatient care settings

provide a truer picture of the resources required to deliver health care by integrating manpower, financial, and disease-based inpatient and outpatient data

provide a basis for better planning of peacetime health care delivery

accelerate integration into CHCS of diagnosis-related information needs for both inpatient and outpatient care

provide automation support for reporting requirements of the National Practitioner Data Bank

improve collection from other insurers for care given DOD beneficiaries

increase our knowledge about beneficiaries seeking care at military medical facilities

CHCS, as well as DEERS and other existing systems, provide the logical foundation upon which to build the Comprehensive Health Care Management capabilities required to achieve these benefits.

Senator GLENN. Will additional resources be necessary to initiate this project?

Mr. NEWHALL. Additional resources are not planned at this time. Reallocation of resources in some areas is likely. We do anticipate the need for more sophisticated work stations or other technical upgrades to minimize the burden of collecting new management information on providers. Software development, data base design, and additional operating costs also may be incurred. To meet these needs, resources would be reallocated from other Health Affairs supported activities.

Senator GLENN. What is the current timeframe?

Mr. NEWHALL. Planning for the project began in June, 1989. Work on requirements definitions will proceed through this summer, and by August, 1989, we expect to have completed requirements definitions for computer information system design and development, including modifications to CHCS. Automated operations will begin in September 1990.

Senator GLENN. Thank you. The hearing is adjourned.

[Whereupon, the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEARS 1990 AND 1991

FRIDAY, JUNE 9, 1989

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MANPOWER PROGRAMS FOR THE RESERVE FORCES

The subcommittee met in open session, pusuant to notice, at 9:30 a.m. in room SR-253, Russell Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn and Exon.

Committee staff members present: Frederick F.Y. Pang and Patricia L. Watson.

Minority staff members present: George K. Johnson, Jr. and George W. Lauffer, professional staff members.

Staff assistant present: Debra A. Rice.

Committee members' assistants present: Phillip P. Upschulte, assistant to Senator Glenn; Jeffrey B. Subko, assistant to Senator Exon; Anthony H. Cordesman, assistant to Senator McCain; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The committee will be in order

The Subcommittee on Manpower and Personnel meets today to receive testimony from the Department of Defense witnesses on manpower programs for the Reserve and National Guard components in its review of the fiscal years 1990/1991 Defense authorization request.

This hearing is a natural follow-on to the joint hearing of the Manpower, Readiness, and Conventional Subcommittees. The three separate subcommittees met together on May 16, at which time we reviewed the issue of Reserve substitution, with particular focus on the potential for deactivating the 401st Tactical Fighter Wing and assigning its mission and assets to the Air National Guard or Air Force Reserve. I will have some followup questions during the course of the hearing on that particular issue that we talked about at the earlier hearing.

I believe there is no doubt among us that our National Guard and Reserve forces are vital to our national security. We have traditionally relied on these forces during periods of national emergency or war to augment relatively small, standing active forces. During peacetime, National Guard and Reserve forces trained, to the extent resources allowed them to do so, to be prepared for callup, and that is history.

Since 1973, with the promulgation of the total force policy in the Department of Defense, our National Guard and Reserve forces were designated as full partners with the Active components in deterring aggression during peacetime and waging war if peace should fail. Under this policy, substantial missions were assigned to the National Guard and Reserve components.

So our National Guard and Reserve components are no longer only forces held in reserve for future use, nor are they just a cadre force. Instead, National Guard and Reserve units are an integral part of theater operational plans, and successful combat operations cannot be carried out without them. For example, the Army Reserve is relied on to provide 70 percent of the Army's combat support and combat service support forces. Combat support missions include engineer, signal, intelligence, and chemical activities. Combat service support missions include medical, maintenance, supply, transportation, and ammunition activities. Obviously, an army cannot fight for very long without this support; and if 70 percent of this support comes from Army Reserve forces, it is crystal clear that the Army has a big stake in the readiness of these forces.

There is not a gentleman at the table here this morning who has not participated in war games of one kind or another, and you are very much aware of what happens. The Regulars who are on the spot, say in Europe or wherever, are supposed to be able to do what has to be done in a combat situation for 2 to 3 weeks. At that time period you have to have the Reserve in there doing their job; that is the way we are geared to do things. You have to be there doing your job; if you are not, the whole combat scenario starts winding down. You cannot just put people out there in the Regulars and have them there indefinitely. Reserves have to come in and do that support function and take over a large part of the combat. And as I said, 70 percent of the combat/combat service support comes from Reserve forces.

So how well is the total force policy working? Well, I think if you look at the readiness of the Army Reserve, you have to conclude as I do that that particular part of it has not been working very well. We have talked about this for the last 4 years that I have been directly involved with it on this subcommittee. For example, in last year's Reserve Forces Policy Board report, 45 percent of Army Reserve units were rated below C-3. Under previous definitions, a C-3 rating denoted a unit that was marginally combat ready. Therefore, units rated lower than C-3 were not combat ready.

Now these definitions have since been revised by the Joint Chiefs of Staff from a readiness rating to a resourcing and training status rating, under the rationale that previous definitions were, and I quote, "erroneously viewed by some as a measure of unit readiness and/or capability when, in fact, the ratings only measured the status of a unit's resources and training."

Now, if anybody can explain that one to me, I would like for you to try, because you talk about semantics trying to get around a problem, it seems to me that that is a classic case. I will read that one again: "were erroneously viewed by some"—this is the previous definitions, the ratings of C–1, 2, 3, 4—"were erroneously viewed by some as a measure of unit readiness and/or capability"—which is what they are supposed to be, as far as I am concerned—"when, in fact, the ratings only measure the status of a unit's resources and training."

Well, if you have any components beyond resources and training, I do not quite know what they are. So we are saying the same thing in different words and acting as though we have changed something, and I do not know quite what it was.

Under this rubric, a C–3 unit, quote again, "possesses the required resources and is trained to undertake major portions of the wartime mission to which it is organized or designated," end of quote. A C–4 unit then, I quote, "requires additional resources and/or training in order to undertake its wartime mission, but if the situation dictates, it may be directed to undertake portions of its wartime mission with resources on hand."

Well, that is just common sense, it would seem to me, and I do not know how we change ratings over something like this. Anyway, these revised definitions for C–3 and C–4 ratings sound like a longer explanation for marginally combat ready and not combat ready to me.

Unit readiness in the Army Reserve speaks for itself. In fiscal year 1984, 58 percent of Army Reserve units were not combat ready. In fiscal year 1985, 60 percent of Army Reserve units were not combat ready. In fiscal 1986, 55 percent of Army Reserve units were not combat ready.

Now, these percents apply to Army Reserve units rated below C–3 under the old definition. The revised definition applied in fiscal year 1987 shows 45 percent of Army Reserve units rated below C–3—C–3 defined now as units possessing the required resources and training to undertake major portions, but not all of their assigned wartime missions.

I should note here that the 10 percentage point improvement in the previous year was due in part to the change in definitions, so it is not strictly an apples to apples comparison. The readiness issue appears to have been so sensitive that the Reserve Force Policy Board decided not to even report the statistics, as it did previously in the most recent report for fiscal year 1988.

The previous report had all the percentages in there, so we could see exactly what the status was and have an idea of what is going on. The new report just ignores all the percentages. It does not even give percentages any more; it just gives some very general categorizations but no numbers. So we apparently decided just not to report statistics any more. As I pointed out in the hearing we had on May 16, this is a head-in-the-sand approach which will not help solve the problem.

I will be interested in hearing from our witnesses on where we stand on Army Reserve readiness and what progress, if any, is being made in correcting what I feel continues to be a war stopper. I think it is that serious. If a war goes beyond a 2 to 3 week period, we are in deep trouble.

On the brighter side of the picture—I mentioned this in our May 16 hearing also—the Air National Guard and Air Force Reserve are rated below C-3 in 6 percent and 10 percent of their units, respectively. So what we have here are Air National Guard and Air Force Reserve units at exceptionally high degrees of readiness in performing substantial air missions. For example, the Air National Guard provides 86 percent of strategic interceptor forces based in the United States; 50 percent of tactical reconnaissance forces; and 36 percent of tactical air support forces. The Air Force Reserve and Air National Guard combined provide 59 percent of the theater airlift forces; 45 percent of air rescue and recovery forces; and 40 percent of weather reconnaissance forces. In addition, they provide 93 percent of air medical evac air crews; 50 percent of strategic airlift air crews; and 38 percent of tanker cargo air crews. The high readiness and excellent performance of the Air National Guard and Air Force Reserve are the reasons why we asked about the feasibility and desirability of assigning more air missions to these components at our May 16 hearing.

So what is the bottom line? I think the National Guard Association of the United States summarizes it in one sentence in its legislative action plan for 1989, and I quote, "As we near the end of the 1980s, it is apparent that the total force policy established in the 1970s has not been fully implemented." That is from the National Guard Association.

There continues to be a leadership vacuum as far as the total force policy is concerned. And I stress this, because all the rhetoric put out by DOD would have us believe otherwise. As we found in our May 16 hearing, there is no singular authoritative study on the total force policy, even though it has been in effect for 16 years. Everybody seems to have a piece of the action, but no one has the whole on this assignment of missions to the different services and the missions between the Regulars and the Reserves.

The explanation that the DOD planning, programming, and budgeting system handles total force policy is rhetoric that can be applied to anything DOD does. It is an unsatisfactory answer to a very crucial policy affecting the combat readiness of our forces, and literally the lives of our men and women in uniform. So I look forward to getting into this and other issues I mentioned with our witnesses today.

Senator McCain will not be with us today. He has a field hearing that he is conducting in Arizona. As you know, he is the ranking minority member of this subcommittee, a very valuable member with a lot of military experience of his own, of course. And I do not know whether he had any statement he wanted to put in the record; but if he does, we will be happy to enter that in the record.

He and I worked together on the manpower issues on a bipartisan basis. We do not approach this as Republican or Democrat, as far as we are concerned, when it comes to the combat readiness and welfare of our men and women in uniform, both in the Active and Reserve forces.

So I want to welcome our witnesses today. They are the Honorable Steve Duncan, Assistant Secretary of Defense for Reserve Affairs. I understand Mr. Duncan will be a little late in joining us this morning, so Mr. James Delaney, his deputy, will represent him until he gets here. Lt. Gen. Herb Temple, Chief, National Guard Bureau; Maj. Gen. William Ward, Chief, Army Reserve; Maj. Gen. Donald Burdick, Director, Army National Guard; Rear Adm. Francis Neale Smith, Director, Navy Reserve; Maj. Gen. Edmund Looney, Jr., Assistant Deputy Chief of Staff for Manpower and Reserve Affairs for Reserve Affairs, U.S. Marine Corps; Maj. Gen. Phil Kelley, Director, Air National Guard; Maj. Gen. Roger Scheer, Chief, Air Force Reserve; Capt. Robert G. Cozzolino, Deputy for Reserve, Office of Readiness and Reserve, U.S. Coast Guard.

Captain Cozzolino is substituting for Rear Admiral Welling, who I understand is in Alaska doing work on the Exxon oil spill. So I do not believe you have appeared before the subcommittee before. We welcome you this morning.

Gentlemen, I believe you have provided written statements for the record, which will be included at this time, if there are no objections.

At this time I would like to ask Mr. Duncan, or Mr. Delaney rather, to summarize his statement and to offer other witnesses the opportunity to make opening comments if they care to do so.

Mr. Delaney. This morning I have no opening statement. However, when Mr. Duncan arrives, I am sure that he will have a short statement.

Senator Glenn. General Temple, do you have any opening comments you wish to make?

STATEMENT OF LT. GEN. HERBERT R. TEMPLE, JR., CHIEF, NATIONAL GUARD BUREAU

General Temple. Sir, I did not think I did until I heard your opening statement, and I would like to respond to that as my opening statement.

To begin with, I disagree. I believe the total force policy is working for the Army and the Air National Guard. I believe that the Army and the Air National Guard are fully capable of meeting their reinforcement requirements. The Army National Guard is only a relatively few percentage points below the regular Army in meeting readiness levels.

You raised the question about what other than readiness can you measure. One thing is clearly capability, and that is what we have been focusing on for at least the last 8 years. And we have demonstrated that at every opportunity. We have established the same standards as the U.S. Army and the Air Force, and in those instances where we have had an opportunity to exercise side by side with them, I believe that we have demonstrated the capability which they demonstrate, at least to no lesser degree.

Senator Glenn. General, are you telling me then that 45 percent of the Army is not combat ready, the Regulars?

General Temple. You were referring to the Army Reserve, and I am referring to the Army National Guard.

Senator Glenn. And you are saying that the Reserve and Guard is as ready as the rest of the Army is what you said a moment ago.

General Temple. No. I am saying that the Army National Guard, its readiness levels are a relatively few percentage points below the regular Army.

Senator GLENN. That is what I understood.

General TEMPLE. Now, I am talking about the Army National Guard, and you are combining the Army Reserve and the Army Guard. I contend those are two different components, and realistically you need to deal with those separately.

We have demonstrated the ability to mobilize, to move the force, to deploy it, sustain it in remote locations, conduct maintenance on the equipment, and redeploy the force back to the United States. There are no military forces in the world, to include our active forces, that do any more than that.

I contend that the Army and Air National Guard are better prepared today than any time in their history and are fully capable of meeting our mission requirements. Both the Director of the Army National Guard and the Director of the Air National Guard will have separate statements on their two service representatives.

That concludes my statement, sir.

[The prepared statement of General Temple follows:]

STATEMENT BY

LIEUTENANT GENERAL HERBERT R. TEMPLE, JR

CHIEF, NATIONAL GUARD BUREAU

DEPARTMENT OF THE ARMY

INTRODUCTION

As Chief of the National Guard Bureau (NGB), I appreciate the opportunity to appear before Committees of the Congress again. I represent more than one-half million members of the Army and Air National Guard, and on their behalf, I thank you for your continued support which has contributed to our success.

Today's National Guard, Army and Air, has evolved beyond anything our forefathers possibly could have envisioned. We are our country's oldest military institution. We're proud, prepared, and professional and have worked hard to achieve our goals for over three and one-half centuries. While we are still involved in our states' local emergencies and disasters, we are also providing this nation with an effective, reliable, and credible military force capable of deterring aggression against our country or its allies. The National Guard constitutes a major portion of the nation's defense capability.

In today's world, our military leaders are challenged by numerous concerns, none more demanding than achieving more with less while conserving available resources. We are justifiably anxious about international military threats but we must also be cognizant of economic, political and social issues that affect our national strategy. Guard leaders today are endeavoring to identify new and innovative ways to improve our service to Nation and State. In order to better plan for the impact of military, social and economic influences on the Guard we have adopted a systems management approach to the future that is proactive. The NGB has established a long range planning process directed to focusing our efforts on specific, short and long term productivity improvements. The Army Directorate has for the past several years been closely involved in future planning and productivity enhancement. The results for the Army Guard have been significant and we have now developed a methodology to apply to the entire National Guard. Many members of Congress have already seen the product of their States National Guard long range plans.

STATE MISSION

Our state mission of responding to emergencies at the order of requests for the Governors continues at a high level. Requests for support to civil authorities and to Federal and State Drug Enforcement Agencies increased. In Fiscal Year (FY) 88, support missions were provided to 52 states and territories by more than 8,000 members of the Guard and utilized over 71,000 mandays of the Army and Air Guard. The Guard participated in one civil disturbance, 72 natural disasters, and 279 other miscellaneous emergency missions. The Guard participated in recovery operations following floods, tornadoes, hurricanes, and other natural disasters. We continued to provide humanitarian support by conducting search and rescue operations, supplying emergency power and water to communities, providing temporary shelter for the homeless, and evacuating critically ill and injured people.

NARCOTICS INTERDICTION AND ERADICATION

Also during FY 88, personnel of the Army and Air National Guard significantly increased assistance to Federal, State and local drug/law enforcement agencies in the war against illicit drugs within the United States. Over 450 missions were conducted. These missions which consisted of aerial observation and reporting of marijuana locations, air and surface transportation of law enforcement officials, radar and visual surveillance of suspected drug trafficking aircraft and vessels, and loan of specialized equipment. These missions involve more than 4,000 personnel from 32 states and used more than 50,000 mandays; missions were performed either in State Active Duty (SAD) status or incidental to Federal training periods. As a result of this involvement, approximately 725,000 marijuana plants were destroyed and over 2,200 pounds of cocaine were confiscated. This amounted to over $1,312,452,000 in illegal drugs that did not reach the streets of this nation. Our support to law enforcement is in keeping with the Guard's tradition of cooperation with Federal, State and local agencies in times of emergency.

FEDERAL MISSION

As important as our service to State and local government is, we must never forget that our principle mission is to provide properly trained and equipped units, capable of being mobilized and conducting combat operations. Our vital interests are no longer limited by our national borders and we have to demonstrate our resolve and our capability to protect our interests wherever they may be.

To perform our federal mission, we must maintain high levels of readiness. Readiness levels of the National Guard are classified, but I would welcome the opportunity to provide this information to the Congress in classified form to show the Guard's remarkable achievements.

DETERRENCE

In performing our federal mission, readiness and deterrence remain our keys to success. Deterrence is the most fundamental element of our defense policy and the cornerstone of our alliance relationships. Deterrence must prevent conventional and nuclear attack on our country and must extend such protection to our allies. Deterrence must be visible, and for it to work, both friend and adversary must believe in our resolve and capabilities.

Although deterrence is of utmost importance, we must be able to fight and win. Thus, our Guard soldiers and airmen must be fit to fight, trained to use the equipment provided, and taught to sustain themselves in a hostile environment. Our equipment must be state-of-the-art, able to destroy the enemy as well as to protect our troops. The Guard must be prepared as a force that contributes to peace through strength. In view of this, the value of Army and Air Guard participation in mission related training in varied locations contributes significantly to our ability to achieve wartime objectives.

For deterrence to be credible, we must demonstrate our capabilities in highly visible locations in concert with total force operations.

Today, the Air National Guard (ANG) comprises almost 90 percent of the Strategic Air Defense forces of the United States. As active Air Force participation in the strategic defense role is being reduced, the Air National Guard is providing units to fill the requirements left open. The Air National Guard maintains an around-the-clock alert posture at fourteen main operating bases and nine alert detachments provide a highly visible and effective display of our nation's commitment to strong homeland defense. We also continue to provide the air defense of Hawaii. The Guard has long been active in this arena and has gladly taken the mission as the "eyes and ears" of the North American Aerospace Defense Command (NORAD).

In the past, the Guard has accomplished this mission with aging aircraft such as the F-4 and F-106. Now the Air Guard Air Defense units are modernizing with both F-15 and F-16 aircraft. Presently we have two Air National Guard general purpose units equipped with F-15s that also perform air defense missions. Additionally, plans call for two more Air Guard air defense units to receive F-15s while the remaining air defense units are scheduled to convert to F-16s.

However, to meet contingencies in any location where U. S. interests are threatened we must practice and enhance our skills in locations throughout the free world. We have continued to improve our ability to mobilize, deploy, sustain and maintain our forces and their equipment under simulated combat conditions. This contributes to a professional, disciplined military organization.

Like the Air Guard, the Army Guard demonstrates its deterrence value by visibly proving its capability to fight in critical locations throughout the world. Army Guardsmen train and conduct operations with active force soldiers in Europe, Middle East, Korea, Southeast Asia, Pacific Region, Caribbean and Central and South America.

Deterrence is a policy that works. The National Guard is a significant contributor to maintaining the peace.

TODAY'S NATIONAL GUARD

Today's National Guard is different. The professionalism of the over half a million men and women who serve their country as members of the Guard and the reliance this nation places on these citizen soldiers are what make it different. We welcome the responsibility. Guardsmen expect to be challenged and want the satisfaction of accomplishment. They are prepared to pay a high price in time and effort to better serve our nation. The Guard knows that its service is essential to our nation's security and the American people recognize our contributions. Now, for the first time in our peacetime history, we receive the resources to permit us to fulfill our wartime missions. For this we are grateful. Although there are many shortages that still plague us, the past several years have permitted us to improve our readiness to unprecedented levels.

The fact remains, however, that the security of our nation is not cheap. Although reserve forces are a bargain, strong active forces are essential to our defense programs. The active and reserve forces must be fully integrated in training, equipment, and systems. I believe today's Guard is the best trained, best equipped and most combat capable in our nation's history. To maintain this readiness and newly developed capability, it is essential that the American people support continued modernization of the Guard, enhanced training initiatives and resources to maintain equipment in "go to war" condition.

PERSONNEL

RETENTION RATES

There are those who assert that training demands are forcing our soldiers and airmen out of the Guard. To this I offer an Air Guard retention rate of 87 percent and an Army Guard retention rate of 82 percent, thus today's National Guard tops all other Reserve Components in terms of retention. Our people are staying because they are trained effectively with good equipment. They are recognized for their service and have confidence in their leaders.

END STRENGTHS

For the first time in ten years, the Air National Guard did not achieve the programmed end strength figures. The actual strength was 115,221 against an approved end strength of 115,900. Since the Air National Guard strength in FY 88 was being executed well ahead of programmed schedule, we had to revise our end strength goal last March to 115,200. With funded end strength for FY 89 at 114,975 with an average strength of 114,922, an end strength higher than 115,200 in FY 88 would have created unmanageable funding problems in FY 89.

The Army National Guard (ARNG) achieved an End Strength of 455,182. This is 99.8 percent of the programed 457,270. In FY 89, the Army National Guard will grow slightly to 457,300.

FULL-TIME SUPPORT

In the current environment of constrained resources, the probability of adding many national security missions to the economical reserve components is high. During 1988, more than 50 units of various sizes were added to the ARNG force structure. The full-time support program provides a cadre of full-time personnel in support of the overall mission of these units plus meeting manpower requirements for previously existing units of the National Guard. The program encompasses ANG and ARNG military technicians, Active Guard/Reserve (AGR) personnel, active component soldiers who are assigned to the ARNG, and Departments of the Army and Air Force civilians who work at the NGB and several Field Operating Activities (FOAs).

Program growth is the most critical issue facing the program today. Severe limitations on the projected expansion of the AGR force and the National Guard military technician force threaten the overall readiness of the Guard. Additionally, the careers of quality, professional soldiers are being constrained because of grade level restrictions on the AGR program.

Increased mission requirements and training demands necessitate AGR growth in deployable fighting units. The original ARNG request for 1,329 AGRs contained in the FY 89 column of the FY 88/89 President's Budget submission was reduced to zero growth in the amended FY 88/89 President's Budget submission. Additional funding constraints have reduced the FY 90 AGR growth to 250. This leaves the ARNG AGR strength at 62 percent of recognized requirements. This is 15,832 AGRs short of validated requirements.

The original ARNG request for 500 new military technician positions contained in the FY 89 column of the FY 88/89 President's Budget submission was reduced to zero growth in the amended FY 88/89 President's Budget submission. The request for FY 90 was originally for an additional 500 technicians. However, current budget guidelines allow FY 90 technician strength to be increased by only 337. The result is the ARNG is manned at only 86 percent of recognized technician requirements, and shortfall of 4,521 technicians.

Reliance on the Guard as a cost effective segment of the 'Total Force' has increased dramatically in recent years. The Full-time Support Program is the framework upon which the strength of the Army Guard is built. The plan is well conceived, implemented, and managed. Requirements are well documented and must be supported if the Guard is to continue to accomplish its ever expanding mission effectively at minimal cost.

In FY 89 the initial budget for the ANG requested approximately 100 full-time positions which was subsequently increased by the Congress to include 73 more technicians and 86 AGRs to support force structure changes. The total full-time manpower growth for FY 89 was 269.

The Air National Guard has programmed growth of 583 AGRs and 262 technicians in FY 90. These increases will support security requirements as well as additional force structure and mission changes.

INCENTIVE PROGRAMS/ENTITLEMENTS

Incentive programs are essential to keep National Guard service attractive. The Army Selected Reserve Incentive Program (SRIP) provides enlistment bonuses that may be either a $2,000 critical skill or $1,500 unit bonus. Additionally, the program offers the retention bonus, affiliation bonus, the Student Loan Repayment Program, and the Health Professionals Loan Repayment Program. Current authority expires September 1990. In the past, Congress has granted SRIP authority in 2 or 3 year increments. The Department of Army and Department of Defense are requesting that this authority be extended to continue support for our recruiting and retention programs.

The Army Continuing Education System (ACES) provides various educational opportunities to enlisted soldiers and commissioned officers who attend school part-time (e.g., high school completion and part-time post-secondary school) and are not covered by the Montgomery GI Bill (MGIB). ACES also provides the credit-by-examination and credit-by-evaluation programs. Commissioned officers incur a four year Selected Reserve service obligation following the last ACES supported class.

The Montgomery GI Bill (MGIB) is a most valuable entitlement and provides benefits to our soldiers and airmen who are attending undergraduate college courses on a half-time to full-time basis. Presently, the ARNG has over 132,000 members and the ANG has over 40,000 members who meet basic entitlement eligibility. The Veterans Administration reports 48,366 ARNG members and 14,056 ANG members are receiving benefits. Our participation is expected to increase.

In addition to the MGIB, the National Guard offers incentives in the bonus and student loan repayment programs. These programs provide cash incentives and assistance in repaying qualified, federally insured student loans to members who enlist or reenlist in identified critical skills. Other benefits, such as ANG access to the Community College of the Air Force and ARNG and ANG free College Level Examination Program (CLEP) and Defense Activity for Non-Traditional Education Support (DANTES) testing, are also available to active duty guardsmen. These programs have proven to be effective tools for recruiting members. As retention tools, these programs save the Government substantial funds by reducing training costs associated with bringing new and untrained personnel into the Guard. Entitlements and incentives promote recruitment and retention of trained and experienced members, and must be continued.

EQUIPMENT

ARMY NATIONAL GUARD

ARNG record equipment receipts of $2 billion in FY 87 were surpassed by the delivery of $2.7 billion worth of equipment in FY 88. These deliveries increased the ARNG equipment inventory from $22.3 billion at the end of FY 87 to $24.9 billion at the end of FY 88. Although the receipt of this equipment from Army procurement and the separate appropriations from Congress have improved the ARNG posture, the growth of equipment requirements in the force structure continues to increase the need for additional equipment. The ARNG has 77 percent of its wartime required equipment on hand. In conjunction with our management practices and aggressive equipment cross-leveling programs, our capability based on available equipment improved so that 82.4 percent of ARNG units are in deployable status. This is an all time high.

Despite these gains, the ARNG remains critically short of many combat and support equipment systems. The value of equipment shortages is $7.3 billion at the end of FY 88. Examples of these critical shortages are medium tactical vehicles (5 ton trucks), armored personnel carriers, tactical FM radios, and aviation assets, both modern attack and support aircraft.

The most critical combat equipment shortages in the ARNG is modern tanks that can "kill" the most advanced Soviet tanks. The ARNG still has some M48A5 tanks which we hope to transition out of the Guard by 1991. The ARNG is principally equipped with M60, M60A1 and M60A3 tanks which are improvements over the M48A5, but still at a great disadvantage when engaging modern Soviet armor. We need M1 and M1A1 tanks now. Our roundout units to Active Components (AC) organizations have or are being equipped with M1 and possibly M1A1 tanks - but the vast majority of our armor force is not so equipped. This is a high priority need of the Army Guard.

AIR NATIONAL GUARD

Through additional specifically approved funding provided by Congress, the ANG has been able to buy new C-130s, new operational support aircraft (C-26As), and new MH-60 helicopters and HC-130N tankers for our rescue and recovery units. In FY 89, a modernization effort for the F-15A/B aircraft has been initiated. While this is a start on this very important upgrade of ANG F-15s, more is needed to accomplish a complete program. Miscellaneous equipment monies have provided the Air guard with more modern communications equipment, medical equipment, safety equipment, and training devices such as the Air Combat Maneuvering Instrumentation. However, a significant percentage of ANG tactical communications equipment remains obsolete resulting in an interoperability problem between US and allied forces. Our main objective is to upgrade all equipment from existing analog technology to state-of-the-art digital technology. The situation becomes particularly serious when it is realized that approximately 65 percent of the Air Force's tactical communications capability is in the Air National Guard.

Shortages of critical support equipment and service-spares will make it more difficult to support programmed force modernization actions as well as logistic support for existing assets. All ANG units also have been impacted by shortages in the Air Force stock fund program, thus compounding the shortages of serviceable assets.

TRAINING THE NATIONAL GUARD

ARMY NATIONAL GUARD TRAINING

Limited training time, unit dispersion, and constrained maneuver space as well as few gunnery ranges create unique training challenges for the ARNG. Many of these challenges can be satisfied through the innovative use of training devices and simulators. The ARNG has been in the forefront of applying cost effective training devices to meet the needs of Guardsmen who have limited time to devote to military training.

Several studies have been completed that describe the ARNG training problems and possible solutions. These studies recognize the use of simulators and training devices as a cost effective way to train to standard, considering the unique training environment in which the ARNG exists. Training devices and simulators fill part of the training to standard requirement since devices and simulators are not only cost effective but environmentally attractive.

Multiple Integrated Laser Engagement System (MILES) sets for major training areas are now in place. Fielding of platoon size sets for maneuver battalions has begun and is scheduled for completion in FY 89. M-81 chemical agent alarms have been fielded and nineteen Mobile Conduct of Fire Trainers (M-COFT) have also been fielded. GUARDFIST I and II research and development contracts have been awarded. After prototypes are accepted, tank crew and indirect fire support skills will be enhanced. The contract for the Precision Gunnery Trainer for DRAGON and TOW anti-tank missile system has been awarded and ARNG units will receive these trainers in FY 91 or FY 92. If the Active Component fields these in FY 90 or FY 91, the ARNG will have the opportunity to accelerate acquisition of these systems. These training systems provide maneuver units the opportunity to practice anti-tank gunnery in armories and on ranges without expending live missiles. This allows the use of Local Training Areas for realistic gunnery exercises. Vulcan/Stinger units will be equipped with a training device that permits training on actual weapons systems. This will allow acquisition of targets selected by an instructor, a squad leader or platoon sergeant, to fire on targets and have knowledge of whether the targets are destroyed or missed. NGB has funded 125 devices for the ARNG with a projected fielding date in FY 90. The Army has developed an interactive learning system called Electronic Information Delivery System (EIDS). This system will allow individuals and small groups to learn in an interactive mode and to use courseware tailored to a specific task. NGB has purchased 2,000 EIDS at a cost of $10 million and has spent over $500,000 to write new courseware and to convert old courseware to run on the EIDS.

The U. S. Army Training and Doctrine Command (TRADOC), on behalf of the ARNG, has awarded a contract to private industry to develop a Squad Engagement Trainer (SET). This device will allow a squad to train for tactical engagements in a meaningful and measurable way in the armory. This device is designed to develop marksmanship skills, practice troop deployment, correct tactics, and exercise those battlefield leader skills necessary for success in a hostile environment.

Advances have been made in the number and quality of devices and simulators dedicated for use by the ARNG, but many maneuver units have neither advanced training devices nor simulators. Combat Service Support units have few devices to assist them in sustaining their skills. We need innovative research in this area to enhance the capability of our support units.

Studies conducted by the Logistics Management Institute and the Industrial College of the Armed Forces coupled with the Department of the Army Management Action Plan recognized training shortfalls in Reserve Component maintenance units and recommended establishment of Reserve Training Site-Maintenance (RTS-MAINT). The RTS-MAINT provides maintenance military occupational skill transition and sustainment training, allowing the mobilization and deployment of Reserve Component maintenance companies capable of supporting current systems. The National Guard Bureau is working with the Department of the Army and the Major Commands to develop programs of instruction, procure facilities, provide manpower, and field training devices to the RTS-MAINT. The Army National Guard has proponency for thirteen RTS-MAINT sites.

Camp Shelby, Mississippi, is programed for the first ARNG Regional Training Site-Medical(RTS-MED). Camp Shelby will provide training to ARNG and USAR medical units programed to receive the U. S. Army's new Deployable Medical System (DEPMEDS). The first unit to be trained arrived at Camp Shelby in January 1989. The second ARNG Medical Training Site will be at Fort Indiantown Gap, Pennsylvania, and is scheduled to open October 1989. The primary mission of the RTS-MED is to conduct new equipment training and sustainment training at the unit level for those hospital units receiving DEPMEDS. In addition these sites are also designed to provide sustainment training for medical and medical maintenance personnel, Combat Casualty Care training, Combat Life Saver training, and Non-Commissioned Officer training. Consideration is also being given to establishment of a Medical Aidman (MOS 91A) course at the RTS-MED.

The Army National Guard Range Modernization Program is the key factor to providing the ARNG with modern and adequate training support facilities. Range modernization supports standardization and provides the critical elements needed to enhance weapon proficiency, qualification, laser safety and combat readiness. The Range Modernization Program was initiated during the late 1970s to support new weapons systems, new training doctrine, and to offer tactical training close to home. Until that time, the quality of ARNG training facilities varied from location to location, ranging from small undeveloped open fields to large nonstandard facilities. The range modernization program is built upon development, acquisition, and upgrade of local training areas and is designed to maximize training time while reducing material operating costs. A significant aspect of this program is the Army National Guard Master Range Plan which is driven by the states' Five Year Range Development Plans. This management tool incorporates all aspects of ranges and support facilities requirements. This makes it possible for the National Guard Bureau to assist with standardization, tracking, and inventory/prioritization of proposed Army National Guard modernization projects. The range modernization program has advanced through the success of the FY 87-FY 91 Program Development Package, which provided over $19 million in FY 89, FY 90, and FY 91. The Army National Guard Range Modernization Program also includes funding for Remote Targetry Systems through Other Procurement Army. The Army National Guard competes for Other Procurement Army funds based on program priorities. Current initiatives include submission of funding packages for FY 92-FY 97 which identifies the need, by range project, for expenditures of approximately $200 million on training range modernization. This initiative supports the development of ranges and procurement of training land which provide individual soldier marksmanship, armor and mechanized infantry, and combined arms training at various locations. This effort will make it possible to expend valuable training time efficiently in order to produce higher levels of readiness.

AIR NATIONAL GUARD TRAINING

To support the ANG training needs, we must look to the professional military education schools and technical training schools. These two separate areas provide training in our wartime tasks, Air Force Specialty Code (AFSC) qualifications and in the area of professional military education, leadership training, and advanced management courses. The Air Guard receives formal technical training for wartime skills through a combination of Air Force formal schools and unit on-the-job training. This combination provides a well-rounded, trained individual who can be rapidly mobilized and deployed. Our limiting factors are the availability of the traditional Guardsman, and the military personnel resources (currently costing more than $48 million annually) that provide the school days. We must constantly prioritize the level of training available for the new missions and equipment due to limited resources. Along with the technical training there is a need for professional military education which provides for the development of leadership skills and increases the management capabilities of the Air Guard officers and non-commissioned officers (NCOs). We need to maintain the current level of funding in the military personnel training accounts to pay for these school days. To meet our required FY 89 budget reductions, the funds that support our training were significantly reduced.

The Air National Guard is currently undergoing several upgrades in the quality of simulator assets for our Tactical Fighter forces. The F-16 simulator program has developed with emphasis placed on the Replacement Training Units (RTUs) at Tucson, AZ, McConnell Air Force Base, KS, and Kingsley Field, OR. Cost and the heavy demand of the ANG RTUs has driven the placement of these advanced assets at the locations where the training aircrew can derive the most benefits. Thanks to the advanced state of the F-16 cockpit trainers, Cockpit Procedures Trainer (CPT) and Cockpit Familiarzation Trainer (CFT), much of the work that was required of previous generation simulators can now be accomplished at the operational unit in training devices that are much more cost effective and less manpower and maintenance intensive. Air Defense F-16A/B units have all been programmed to receive these advanced CPTs and we are attempting to procure these trainers for our General Purpose F-16 units as well. Older generation simulators are being upgraded or phased out of the inventory. While the ANG is moving toward fewer simulators in the tactical fighter units, the improvements and key location concentration, coupled with the acquisition of high quality CPTs and CFTs will continue to allow the force to receive the highest quality training available.

The ANG operates five old C-130 simulators at different locations throughout the U. S. These simulators support over 450 aircrews in annual refresher programs. Units with C-130 simulators strive to provide the best possible training using antiquated 1960's era technology. These older technology simulators provide for no visual and very limited motion capability. The ANG is working with the Air Force Reserve on initiatives to restructure our C-130 simulator program to increase our simulator training capability and improve cost effectiveness. In addition to C-130 simulator training, the ANG contracts for civilian commercial simulator training for our KC-135 and mission support aircraft aircrews. These civilian contractors provide a safe, cost effective, means of training aircrews when no military capability exists.

The Air National Guard operates fifteen air-to-ground gunnery ranges, most of which were built to satisfy local needs for simple ordnance delivery and training events. The requirements of new aircraft, missions and ordnance demand improvement of existing ANG ranges, where possible. The Air National Guard is now completing a master range plan that concentrates on current ANG range capabilities, current/projected user requirements, and needed range improvement. The study will be the road map to plan major range initiatives over the next five to fifteen years.

The Air National Guard is also a full partner with other active and reserve components in overseas deployments, joint exercises, Air Force training exercises, and ANG sponsored Composite Force Training exercises. Participation in joint exercises has enriched ANG training and is a significant demonstration of increased readiness. ANG overseas deployments move entire units to theater locations throughout the world for short periods of time. Such deployments provide realistic, valuable, theater specific training. Since airlift costs account for more than 90 percent of deployment costs, the ANG continues to utilize several deployment concepts in order to maximize its training dollars. Using multi-unit deployments, the ANG has reduced per unit airlift costs by 20-25 percent. Use of dual-role KC-10s (air refueling and airlift) also reduced the overall deployment costs.

The Air Guard also supports the Active Army and Army National Guard in exercises. Joint training programs, such as those at the National Training Center, Fort Irwin, California, and the Joint Readiness Training Center, Fort Chaffee, Arkansas, provide joint training experience for both the Army and Air National Guard. Composite Force Training exercises are conducted throughout the year to sharpen ANG fighting skills and familiarize personnel with joint operations. These exercises are sponsored and planned by Air Guard flying units, Field Training Sites, and active Air

Force units. Exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

ANG Fighter, Reconnaissance and Tactical Air Support units deploy forces to overseas locations under the Tactical Air Command's Checkered Flag deployments program and in support of theater exercises. Tactical deployments train units in theater operations at their designated theater training bases in wartime employment roles. Theater exercises, such as Display Determination, Ocean Safari, and Reforger require ANG units to accomplish predetermined exercise objectives. Airlift costs range from $0.7 million to $1.5 million for the typical single-unit deployment, accounting for more than 90 percent of the total deployment cost. NGB has been able to reduce the per unit airlift costs by 35 percent through the use of ANG strategic airlift assets. In FY 88, nine Fighter and Reconnaissance units participated in nine Checkered Flag deployments. For FY 89, eleven Checkered Flag deployments are planned.

During Creek Corsair 88, three ANG A-7 units deployed to Spangdahlem Air Base, Germany for two weeks each during July and August of 1988. The object of this deployment was to provide a low cost, flying intensive training environment for units who have wartime tasking in the Central European region; aircraft and equipment remained in place - personnel were rotated via ANG KC-135 aircraft. This deployment was a successful test of the rotational deployment concept. Deployments of this type are planned for the future, provided resources are available.

ANG KC-135 units annually deploy to several overseas locations to provide air refueling in support of overseas and deployed tactical forces. The KC-135 units deploy up to four aircraft and as many as 250 unit personnel for fifteen days annual training in support of U. S. Air Forces in Europe (USAFE) and Pacific Air Forces (PACAF) Air Refueling Requirements. The goal of the ANG in these operations is to combine the highest quality air refueling support of European and Pacific tactical forces with intensive training in European and Pacific theater tactics for its aircrews and supporting personnel. The development of Strategic Air Command's new Leading Shield deployments program will provide enhanced opportunities for ANG KC-135 units to train in overseas theater operations. In FY 89, two Leading Shield deployments are planned.

Each year, ANG communications personnel from joint communications support squadrons, combat communications groups, communications flights and engineering installation squadrons participate in numerous exercises around the world. During FY 88, over 2,300 communicators participated in over 30 exercises in the Pacific, Caribbean, South America, Middle East and European theaters. These exercises, conducted under a wide variety of circumstances and conditions, ensure that our communications personnel are ready to meet their wartime commitments.

ANG C-130 units deploy overseas for exercise participation, scheduled rotations, Special Assignment Airlift Missions (SAAM), Guardlift missions, USAF airlift augmentation missions and under the Volant Partner deployments program. Approximately nine different units participate in Europe each year through JCS exercises and European augmentations. Also, two or three units are programmed in the Pacific Theater every year for exercise participation. All twenty ANG C-130 units can also expect to provide airlift for overseas deployment, employment and redeployment of other DOD personnel and materials throughout the year. Finally, Air National Guard C-130s rotate to Howard Air Force Base, Panama, in support of Southern Command forces.

The 28 ANG Tactical Control units are all worldwide wartime tasked. In order to successfully interface with other existing tactical radar assets, as well as tactical assets being used by the nations that we will re-enforce in the event of war, it is vital that we deploy our units to various theater training locations so we can train the way we will be expected to fight--as viable members of the Total Force.

Although requests for ANG assets continue to be sought for all exercises including those in overseas locations, the limiting factors of funding constraints, workdays allocation, personnel availability, and airlift, will combine to limit the exercise program to its current level of participation for the foreseeable future.

ARMY NATIONAL GUARD UNIT/INDIVIDUAL TRAINING

Several programs in the ARNG are key to providing the kind of realistic training our units need and deserve today. Each of these, the Overseas Deployment Training (ODT) program, the CAPSTONE program, training at the National Training Center (NTC), Joint Readiness Training Center (JRTC), Battle Command Training Program (BCTP) and participation in the Joint Chiefs of Staff (JCS) exercises are vital in the Guard's mandate to provide combat ready units in support of the total force.

The objectives of the Army National Guard ODT program are to: a) strengthen CAPSTONE associations; b) provide units the opportunity to conduct wartime mission planning and training in their overseas theater of operations; c) provide the opportunity to conduct mobilization, deployment; d) reception planning and training; and e) increase unit readiness by providing optimum participation of units/cells in OCONUS training. ODT does provide an opportunity for personnel to become familiar with their assigned area of operations, unit mission and the wartime operating procedures of their CAPSTONE gaining command. During FY 88, 29,937 Army Guardsmen participated in the ODT program. For FY 89, 31,573 Army Guardsmen are scheduled for ODT.

The National Training Center (NTC) is the Army's premiere collective training center. It trains the Army's battalions and brigades in the most realistic combat environment available in peacetime. Since 1983, twelve Army National Guard roundout battalions have trained at the NTC. Current schedules call for two additional rotations through FY 89. In addition to the normal rotational unit, numerous Guardsmen (approximately 1,015 in FY 88 and an estimated 2,000 in FY 89) train at the NTC as individuals in either a Key Personnel Upgrade Program (KPUP) status as a part of active force rotations or as members of the Opposing Force (OPFOR). In addition to NTC KPUP, a total of 6,101 soldiers were deployed elsewhere in the United States to participate in KPUP training during FY 88. KPUP OCONUS Deployment involved 2,039 soldiers to 19 countries to participate in 14 major Joint Chiefs of Staff Exercises. Without these key personnel participating in exercises, successful exercise achievements would have been reduced. As the total number of ARNG soldiers trained at the NTC approaches 4,000-5,000 per year, any reduction in resources for NTC will impact heavily on training of ARNG personnel.

The Joint Readiness Training Center (JRTC) is the training center for the Army's non-mechanized forces and their support element. Non-mechanized forces consist of light infantry, airborne, ranger, air assault, and conventional infantry units. In FY 88, one ARNG Battalion from the 29th Infantry Division

(Light), Virginia and Maryland National Guard, participated in the JRTC. JRTC training in FY 89 consists of two ARNG battalion rotations, one from the 29th Division (VA and MD) and one from the 39th Separate Infantry Brigade (AR).

Army Guard units continued to be deployed and trained worldwide, a significant factor in our readiness enhancement. ODT and exercise participation provides Army National Guard (ARNG) soldiers the opportunity to become familiar with their unit's mission and conduct wartime mission planning while training in their assigned overseas Theater of Operations. Units identified on the Time-Phased Force Deployment List (TPFDL) and CAPSTONE alignment with the active forces are selected for ODT and exercises based on the OCONUS commands' requirements. The ODT plan for 1989 calls for participation of over 340 units/cells and more than 31,573 personnel.

JCS exercise participation is designed to train units in accordance with existing contingency plans. These exercises provide the opportunity to evaluate standing operating procedures and war plan development. They also provide opportunities for CAPSTONE wartime mission training and strengthening CAPSTONE relationships. During the exercises, commanders and staffs train in the Air Land Battle doctrine in as realistic an environment as possible. They can exercise and evaluate personnel and administrative, logistics, and communications systems. They can also weld all elements, combat, combat support, and combat service support, into an effective fighting force. Currently nineteen JCS exercises are scheduled for FY 89.

The Key Personnel Upgrade Program (KPUP) mission is to enhance the Military Occupational Skills of the Army National Guard's individual soldiers. We accomplish this task by assigning Guardsmen to active component elements, working alongside or in lieu of active component soldiers in the same military occupational specialty (MOS). These training opportunities exist overseas and within the continental United States.

The KPUP program came into existence in 1981 and deployed 26 officers to Germany. In 1988, we deployed 2,039 soldiers to 19 separate countries and over 7,000 soldiers within the Continental United States.

KPUP is the Army National Guards most successful program to sustain and enhance individual military skills.

The ARNG Battle Skills Course is proving to be an extremely effective training program for NCOs. Initiated in 1984, over 6,000 NCOs have been trained in current battle skills doctrine, with approximately 2,000 more projected to attend in FY 89. This unique course is two weeks in duration and was designed to meet the limited time available to part-time Army Guard NCOs. The course is structured to teach and practice squad and platoon level infantry tactics in a tactical environment. It stresses weapons, tactics, leadership, chemical protection and troop leading procedures. Commanders have remarked that a battle skills graduate "stands out" from other NCOs as an example of technical and professional competence. Graduates most frequently remark that all reserve component NCOs should attend this course.

Reserve Component Tank Commanders Course which began in 1984 has graduated over 1,600 Armor NCOs who have returned to their units as fully qualified tank commanders, trained and experienced in the operations of tank systems in the ARNG inventory. Again this course is two weeks in length and is designed to accommodate the limited time available to citizen soldiers.

NGB Regional NCO Academies play a large role in improving the professional qualities of the ARNG NCO force. Although course content and duration of these schools are generally much shorter in length and curriculum than Active Component courses, they do accommodate the constrained time available to traditional Guardsmen. Even though they are limited in scope, these academies have trained over 43,000 NCOs principally in leadership techniques since 1985.

Military Occupational Specialty (MOS) qualification in the ARNG is at 81.9 percent of our enlisted soldiers and remains an area of concern. At any given time there is approximately 10 percent of the force waiting or in training to become MOS qualified through the Initial Active Duty Training Program. A significant number of prior service personnel, interstate transfers, and soldiers transferring between units do not have a MOS match in the position to which assigned. Whether gained through resident service schools, non-resident schools using courses tailored to our training environment, or in the absence of either of these, supervised on-the-job training, MOS qualification is a major challenge. The challenge to MOS qualify our personnel is resource intensive and we are focusing our attention and earmarking funds to ensure that our soldiers are properly trained.

The In-Service Recruiting Program has increased its emphasis on matching soldiers to MOS and grade vacancies upon transition from the active force to the ARNG. There is consideration being given to identifying AC soldiers desiring to continue their service in the Guard after discharge and training them in the MOS they will serve in with their Guard unit while still on active duty.

Since 1986, the U. S. Army Aviation Systems Command (AVSCOM) has operated on behalf of the U. S. Army Materiel Command (AMC) a European Aviation Classification and Repair Activity Depot (AVCRAD) facility at Brussels, Belgium. The permanent party includes one AGR Lieutenant Colonel who functions as the facility Officer-In-Charge and a small cadre of maintenance and operations personnel funded by AVSCOM. The purpose of the European AVCRAD facility is to provide a fully operational and provisioned "warm base" to which the 1107th (Missouri) AVCRAD can deploy for immediate use upon mobilization. The European AVCRAD provides the facilities for an in-theater aeronautical depot capability that is strategically located to classify, repair and return aviation materiel to the theater wholesale system and to reduce (by an estimated 30 percent) the mobilization depot surge at CONUS depots. It also provides the pre-mobilization base to which AVCRADs deploy for overseas deployment training (ODT) in preparation for their war time mission.

The ARNG AVCRADs performing ODT at the European AVCRAD facility enhance the peacetime USAREUR aviation maintenance programs by rotating ARNG personnel from the AVCRAD to the Brussels, Belgium, site throughout the training year. The current ODT plan calls for the 1107th (MO) AVCRAD to provide one cell of 30 personnel and ten cells of 15 personnel for 21 days each at various dates throughout FY 89. Future plans call for personnel from the California and Connecticut AVCRADs augmenting the 1107th (MO) AVCRAD ODT for the purpose of enhancing the overall readiness of the Aviation Depot Maintenance Roundout Units (ADMRU) program. The European AVCRAD facility also serves as the point of embarkation/debarkation for ARNG aviation units conducting ODT utilizing theater reserve aircraft. This activity offers Guardsmen a valuable individual training opportunity in an overseas operational environment.

In May 1989 the Army National Guard will assume management of a ground maintenance facility at Rhein Ordnance Barracks in Germany. This facility will be staffed with active Army and ARNG/USAR personnel on a full-time basis to manage the maintenance operations in support of USAREUR. In addition, this facility will also serve as a "hands on" training center for Guard and Reserve maintenance units which will be rotated from CONUS on annual training status to learn and experience maintenance procedures on the most modern equipment in the Army inventory. This is an unprecedented opportunity for Guardsmen to train on the most modern Army equipment and serve a total Army maintenance need.

Individual soldier proficiency is essential to combat operation. The NGB fully supports the development of reliable Skills Qualification Tests for reserve component personnel. TRADOC's efforts to develop tests that consider the equipment and training environment of reserve component personnel is to be encouraged.

MILITARY EDUCATION FOR AGR AND TECHNICIAN PROGRAM

During FY 88 approximately 8,323 AGR and military technician personnel successfully completed Active component Noncommissioned Officer Education System (NCOES) courses. It is estimated that 8,500 will complete appropriate NCOES courses for AGR/Military Technicians in FY 89. The Professional Development Program (PDP), formerly Military Education Program (MEP), is designed to provide a fully trained full-time force to the ARNG. It assures the American people that those who serve as either full-time AGR or military technicians are capable of not only performing their military specialities at the highest professional level, but that they can perform their duties in the combat environment the Army fights in. Equally important, it gives assurance to the nation that the officers and NCO's serving full-time at Federal expense are capable of effectively leading and teaching subordinates the most current doctrine and skills so that their subordinates might survive in battle.

The Battle Command Training Program (BCTP) is a command post exercise developed to fulfill the training needs of division and corps commanders and their staffs by providing a new learning and exercise environment for them. The program develops division and corps commanders' and staffs' expertise in large unit operations, command and control, decision making, and efficient and thorough staff work. This establishes for them tough combat performance standards. BCTP was just introduced into the Army's training scheme this year.

BCTP is designed as a two-part exercise. Phase I includes a 3-5 day Seminar at Ft. Leavenworth, Kansas for approximately 15-20 key personnel from the division. Approximately six months later Phase II occurs, a 9-day war fighter exercise (WFX). The WFX includes a deployment to the field of the division headquarters and all major subordinate headquarters staffs. ARNG divisions will undergo the WFX during annual training (AT) at their AT site.

The ARNG unit that underwent BCTP in FY 88 was the 47th Infantry Division (ID) from Minnesota. The 38th ID from Indiana and the 28th ID from Pennsylvania are planned for FY 89.

NGB MANAGEMENT/UNITED STATES PROPERTY AND FISCAL OFFICES (USPFO)

The Army and Air National Guard budget for 1988 exceeded nine billion dollars exclusive of major items of equipment, which are acquired by the Guard through Army and Air Force acquisition procedures. In order to effectively manage Federal resources and assets provided to the State National Guards, the Chief, National Guard Bureau exercises his responsibility for accounting and obligation of Federal funds in accordance with applicable statutes and regulations, through a USPFO Officer, who is located in each State and territory. USPFOs account for an Army and Air Guard equipment inventory valued at over $49,900,000,000, and a facilities inventory valued at $14,229,000,000. The National Guard conducts over 530,000 contracting actions per year involving in excess of $746,920,000 of Federal funds. In the conduct of NGB's contracting program we have achieved success in our efforts to provide opportunity to small business, minority and disadvantaged business':

NGB '88 RECORD

	DOD GOALS	ATTAINED GOALS
Small Business Prime Contracting	70.0%	80.9%
Small Business Set-Aside	67.6%	66.8%
Small Disadvantaged Business Prime Contracting (8(a) and Direct)	6.3%	6.7%
Women-Owned Small Business	$7.0 Million	$9.6 Million

USPFO's are routinely inspected by auditors and Army Inspectors General with highly commendable results. The 570,000(+) Army and Air Guardsmen are paid and supported through the exceptional performance of our USPFOs and their professional staffs. This unique Federal/State relationship is an example of effective management of a large and dynamic organization in a cost effective manner. NGB is concerned that as the roles and missions of the National Guard accelerate and expand, the ability of USPFOs to meet their responsibilities where current personnel resources permit a nationwide average manning of only 85 percent of authorization. In addition, because of low Federal pay scales, in some geographical areas it has become virtually impossible to retain employees who are trained, skilled and experienced in those functions essential to USPFO responsibilities.

FACILITIES

The rapid expansion and mission changes within the National Guard have outpaced available budget allocations to the point that we are unable to complete required facilities within the time frame needed by units. The unfunded military construction backlog now approaches $4 billion. Despite recent increases in funding, we are not keeping pace with the highly essential facility requirements that are necessary to support the personnel, training, and mission requirements of the Army and Air National Guard.

The type of facilities most needed by the Air National Guard include aircraft maintenance, jet fuel storage, warehousing, squadron and personnel training, vehicle and base maintenance.

Force structure changes within the Army National Guard over the past ten years have created an unfunded backlog of over 500 armories that need to be replaced, expanded or built. These inadequate facilities severely impact on the quality of classroom training and the storage of increased levels of supplies and equipment. Surface equipment maintenance shops must be modernized to support the new combat and support equipment on hand or planned for the Army National Guard. Over 500 maintenance shops, equipment parking hardstands and warehouses are needed to be expanded, replaced or built. New ranges are required that are compatible with the surrounding environment and new training site cantonment facilities are needed to support the year round use of these ranges and other training areas.

RESERVE COMPONENT AUTOMATION SYSTEM

The 100th Congress appointed the Chief, National Guard Bureau as the source selection authority for the Reserve Component Automation System (RCAS). The system will automate the data needed to mobilize the ARNG and the Army Reserve and is crucial in improving the mobilization process of both components. In addition, RCAS will also substantially enhance the management of the Guard and Reserves. The functional description is now being written for industry release in the fall of 1989. Although fielding of critical mobilization elements is scheduled for late 1992, we are hopeful of reducing that time once the functional description is completed. The RCAS program is achieving the objectives directed by Congress and we are managing resources in accordance with Congressional direction.

SUMMARY

The American people and the Congress are placing their treasure and their trust in the National Guard because they know that an investment in the Guard is an investment in their future. This changing of the Guard is what we have always asked for -- the reliance of our nation upon the Guard, recognition for service, and the resources to permit us to accomplish our missions. In large part we have that now, but there is certainly more to be done. Everyone cannot serve in today's Guard. The demands are extraordinary. For those who do serve we owe them the finest training and best equipment to assure their success in battle. The National Guard has done everything our national leadership and the Congress has asked it to do. We assume increased missions, Federal and State; we place immense demands upon our personnel in time and effort, often uncompensated. We expect our soldiers and airmen to be prepared to mobilize, deploy and fight with little or no additional training or preparation - this is more than we've asked of any past generation of Guardsmen. Yes, the Guard is a national security bargain. It is a bargain only if it can fight and win - if it can't, it is a poor investment. The Guard has demonstrated its capability to fight and win when properly trained and adequately resourced. It is the responsibility of the Congress to allocate money to provide for this nation's security. Our Guardsmen deserve your support.

Senator **Glenn**. Anyone else care to make any opening statement before we get to the questions?

Yes, General Ward.

STATEMENT OF MAJ. GEN. WILLIAM F. WARD, CHIEF, ARMY RESERVE

General **Ward**. Prompted, as I have been by General Temple's eloquent observations and your preliminary comments, Mr. Chairman, I should like to make some observations and try to effectively answer some of the questions you have very properly raised.

I would submit that the change of 1987 in readiness accountability did not really make a great deal of difference in the percentage changes; and I am speaking only of the U.S. Army Reserve today. The old system did not measure capability, and the new system does not really measure capability.

There are at least three items I will deal with—there are about a dozen that I have identified—three items which are very vital to a unit's ability to mobilize and meet that 2 to 3 week requirement, items which are not included anywhere in either the sorts system or the old system of Army Regulation 220-1. Those items include equipment not available within 72 hours. We have a number of Reserve units whose equipment is on loan in other parts of the country, and is not counted in your equipment on hand requirement. And certainly, within the 2-week mobility requirement they will be able to recover that equipment and have it available.

So we continually understate equipment on hand. We also understate it because we do not consider all the POMCUS or uncovered POMCUS equipment. And that is an institutional area used for management within the service in terms of allocating resources that tends to understate the amount of equipment we have available.

It also understates in the personnel area the Mobilization Personnel System (MOBPERS), and the IRR soldiers slated to fall against a unit. I can get into some nice numbers on the most critical shortages we have—for example, in the medical area—later on. But in those units that are short personnel, we do not take credit for the people in the Individual Ready Reserve who are not within 50 miles of the unit, are not close enough to drill with them, but who will fall in that unit in wartime.

The most important thing that that system does not represent, and probably never will represent, is the level of leadership talent existent both in the officer and noncommissioned officer ranks. We do not measure that. You can have a unit with full equipment and full filler personnel that meets the minimum MOS requirements that I would not take to war on a bet if it did not have the proper NCOs and officers.

So the system does not measure that leadership dimension. The system is an internal management tool which, quite frankly, is not a very useful measure for how a unit will do when mobilized and within a week or two after mobilization.

Senator **Glenn**. Are you saying then that the formula is all wrong?

General WARD. I have always thought it has been wrong, as a measure of true readiness Senator, but it is a good management formula.

Senator GLENN. These are not my figures, General. The figures I am giving here are from the Reserve Forces Policy Board report that we rely on to give us a rating of these things; and they say that 45 percent of the Army Reserve units were rated below C-3, and C-3 means not combat ready. That is what I am going by. Is that wrong?

General WARD. That is the way the system is rated. I am just telling you now, though, that the measure there is merely a management tool to measure fill on equipment and resourcing. It is measured for resourcing.

Let me get to the next number: 4.1 percent of the total Army TOA is directed to the Army Reserve, which provides, as you said, 70 percent of the CS requirement. Now, either that is an extraordinarily good buy, which I think it is, or it may call into question the tradeoff on missions and resources; and that, ultimately is what it is all about. A mission given to an unresourced unit, be it compo one, two or three, comes out to a mission given to a unit that is totally ineffective. If you do not resource them adequately, you are just kidding yourself, we all are kidding ourselves, and leading the taxpayer down a garden path, without the proper level of resourcing.

Senator GLENN. Well, we have been talking about this for 4 years now. Why have we not resourced them then to get this rating up? We do not see the request coming over in budgets or whatever from over there. How are we going to get them?

If we went to war tomorrow, what is the rating of the Guard and Reserve, the Army Guard and Reserve? Not the air components now, they are in good shape.

What do you think they are? If it is not 45 percent not combat ready, what is it?

General WARD. Well, I would say if we mobilized tomorrow with the equipment coming up and available through the uncovered stocks, through the offset of POMCUS——

Senator GLENN. If something started in Europe tomorrow and you had to start sending people and equipment over there and were depending on them for 3 weeks, what is the status that we would say is combat ready?

General WARD. By the time the airlift and sealift is ready to move them 8 or 10 days, those units slated in that window would almost all be fully combat ready. However, that is not a very long war.

The Senate and the House have given the Army Reserve about $905 million in dedicated procurement funds for equipment. That procurement is very useful, but the equipment it provides is not with the units yet. Only about 25 percent of it is currently with the units. The rest arrives in fiscal years 1990, 1991, 1992, and 1993. It will make a tremendous impact in equipment on hand. One of our great drawbacks is still equipment on hand, personnel shortages—not shortages of people, but the mismatch of MOS's, is perhaps the most critical, but roughly even with equipment on hand as a problem.

I would like to mention for the record that a study was done by a student at the War College last year. This study indicates that the resourcing over the past, with a long lead time needed to bring new material into the structure, that Army Reserve units have been relatively underresourced in terms of meeting the requirements at the same time that the other components have been better resourced for reasons which were fairly sensible and be based on logic.

But your point is well taken. But equipment that I do not have yet, I cannot count yet; though I thank you very much for the money.

Senator GLENN. Well, I realize that, but what I am talking about, General, you say you have not been resourced properly. Who on earth over across the river is doing the resourcing, then, because what I have to go on is what is ready to go to combat and what is not. And you say well, if we had the resources, we would be okay, and the resources are in the pipeline, and the resources will be there. Yet the ratings I get from the Pentagon and from the Reserve Forces Policy Board report itself, that gives me what I am supposed to go on in this committee, says it is 45 percent not combat ready.

General WARD. Well, we cannot count equipment that is still in the "pipeline".

Senator GLENN. Well, I cannot count on stuff in the pipeline if we go to combat tomorrow either. They are either combat ready or they are not. If they are not, then somebody should be getting the resources to you so they are combat ready.

General WARD. The current numbers are in the neighborhood of a significant improvement, maybe 10 percent over what the numbers that you just stated. We may be down around 40 percent.

Senator GLENN. Well, that is on the new rating system.

General WARD. It really is not much different than the old rating system, not for the Army Reserve. It did not make that much difference.

Senator GLENN. It made 10 percent, because nothing changed in the resourcing you got in that time period, so we just upgraded by 10 percent by a new system is what we did.

General WARD. We are measuring two different things, Senator.

Senator GLENN. Okay.

General WARD. One is equipment on hand, a balance sheet snapshot of what you have today, and the other is the projection of what you are going to get. The projection of what you are going to get, for example, in 1992 shows about 90 percent of our units will be fixed in equipment on hand.

Now, the things that we need most desperately for true, effective, long-term sustainability are things in the medical area, for example: doctors, nurses, 91 C's, licensed practical nurses.

Senator GLENN. We covered that in a separate hearing, as you are aware.

General WARD. Yes, I am aware of that, and I appreciate your interest in that area. But to fix our medical problem and we are closing the gap on those areas, our level of availability, must equal what we are authorized to have. The shortage of doctors will be fixed in about 3 years at the current rate of closure, and the nurses in maybe 5 to 7 or less.

This is a very positive sign. They are in the pipeline, but the pipeline takes a very long time to work. And we appreciate the resourcing, and if you had not voted that money, it would be absolutely futile.

But my point is, let us not deceive ourselves as to what these numbers mean. We are still at this time underresourced for today's snapshot of our ability to go to war. Thanks to the Congress' help, we are closing that gap, but we still have some significant problem areas, and I would hope we can spend some time dealing with those.

Also, remember that this question of missions is totally related to resources. If the resources are not provided minimally for the missions, it is silly to put a mission any place, Active, Guard or Reserve.

Senator GLENN. Well, I would submit that you have just made a pretty good case for my case that the total force policy needs to be looked at, because as I see it, the total force policy is not working the way it was supposed to work. You are telling me if we went to war tomorrow, there are some things we would have to do before the Reserve would be ready to move and do it. They have got to be resourced. They have got to get equipment from somewhere to be ready to go. What that means to me is that the total force policy is not organized to operate the way it should be.

When you assign missions to the Reserve and the Active force, you have to resource them, maintain a capabilty, if we got the total force policy working. That has been my point for about the last 3 years. And yet the budgets that come over do not reflect that, do not reflect the resourcing that I am told about every year.

And, you know, I go by the ratings that the Defense Department sends over here. The Reserve Policy Board makes their judgment on this as to what is ready, what is not ready.

You mentioned medical. I have gone into that issue completely for several years and DOD's own figures on that are that we are 7,000 doctors short; which computes to 71 percent short. Under the total force policy we assigned 80 percent of combat medical to go to the Reserves, and in the Reserves right now, and I believe that is a good assignment. We do not need as many people in the medical field in peacetime. But in wartime people are getting wounded and you need more medical people, obviously. So I do not quarrel with the assignment.

But within that 80 percent we are 71 percent short on doctors, or 7,000 doctors short as of right now—you say we are closing the gap, and maybe we are, but we have not for the last several years, and we finally have a new program in effect. We are 31,000 nurses short; that is 66 percent short.

General WARD. Senator, can I speak to those?

Senator GLENN. Yes, sure.

General WARD. Because I think this is crucial.

Doctors—I can only speak on the Army Reserve side now—we are authorized about 3,600. I have in the TPU a little under 3,000 and almost the same number in the IRR. These plus the retirees subject to recall give us a total of over 6,200 against 3,600 authorized. The number required from Army by OSD is about 7,800.

Now, I grant you there is a shortage there. However——

Senator GLENN. Well, my figures were for the total Reserve medical, everything that is assigned to the Reserves, the total figure.

General WARD. Right. However, there are special ties that are tough to get, anesthesiologists, for instance, and we do not put people in the Reserve today unless they meet a specific required hard skill. We have had a 73 percent increase in anesthesiologists in units since 1986, and our current requirement on anesthesiologists is about 900. We have authorized 776; the total number we have now is about 460. So we are getting there. We have about 610, counting the retirees. But we have closed the requirement gap each year by about 40, and that trend looks like it is accelerating.

So in the support of the budgets that come over, there are programs which, once started, take time to mature. We need a few more AGRs to speed the recruiting of medical professionals. There is no question about that. We were supported last year to the tune of 75 for dedicated AMEDD production. They are just getting there now, and starting to do production, and to have good results.

What I am saying is the programs in place are pushing us along those lines at a speed that none of us are very happy with, but it is a matter of some maturation of those programs. And the same may be said for general surgeons and orthopedic surgeons where the strength increases are no less than 17 percent in the lowest area.

Those programs are working, but they still have a long way to go. But without those programs, indeed, we would be going in the other direction.

[The prepared statement of General Ward follows:]

STATEMENT BY MAJ. GEN. WILLIAM F. WARD

CHIEF, ARMY RESERVE
OFFICE, CHIEF, ARMY RESERVE
DEPARTMENT OF THE ARMY

Mr. Chairman and Members of the Committee:

I am pleased to be here today representing the more than 600 thousand citizen-soldiers of the Army Reserve and the more than 134 thousand retirees with hip pocket orders to present the Fiscal Years 1990 and 1991 Reserve Personnel, Army (RPA) and Operation and Maintenance, Army Reserve (OMAR) appropriation requests. I have a statement, which, with your approval, I'll submit for the record.

The Army Reserve is an essential element of the Total Army. It is the best Army Reserve our nation has ever had. It is more ready, better trained, and better led than ever before. It is part of the best Army I've seen in the 43 years I have worn this uniform. However, the limitations of the Fiscal Years 1990-1991 budgets threaten these achievements.

The Reserve Personnel, Army (RPA) amended budget request for Fiscal Year 1990 is for $2.24 billion, an increase of $30 million over the amount appropriated in Fiscal Year 1989. This expenditure buys substantially improved training in leadership areas and military occupational specialty qualification (MOSQ) training, as recommended by the recently concluded Reserve Component Training Strategy Task Force. We have directly targeted officer branch courses and noncommissioned officer professional development courses for increases.

While, from the standpoint of training initiatives, the buying power of the Fiscal Year 1990-1991 RPA request is reduced from that of Fiscal Year 1988, it will pay for increased troop program unit strength of the U. S. Army Reserve Force. At the end of Fiscal Year 1988, there were more than 286 thousand paid drill strength members of the Army Reserve assigned to troop program units. That number is expected to increase to over 293 thousand by the end of Fiscal Year 1990, and to just over 294 thousand by Fiscal Year 1991.

The Total Army's increasing reliance upon the Army Reserve argues strongly for adequate numbers of drilling Reservists assigned to troop program units. Unless adequate numbers of drilling Reservists and full-time support personnel are authorized, those new units required to fulfill newly assigned missions cannot be brought into the force structure unless other, already existing units are inactivated or have their missions and organizations changed or converted. There is a real limit to how far and how often the Reserve structure can be stretched or adjusted without a serious loss of mobilization readiness.

The Fiscal Year 1989 Active Guard/Reserve (AGR) growth remained at Fiscal Year 1988 levels, except for the 15 position growth for the Total Army initiative in Europe. The Fiscal Year 1990 and 1991 requests call for only modest increases for both AGR and Army Reserve technicians (ART's). For Fiscal Year 1990, a growth of 336 AGR positions and 100 additional technicians is requested for an AGR force of 13,680 and an ART force of 8,529. Similarly, for Fiscal Year 1991 a growth of 347 AGR's and 91 new ART's is requested for an AGR force of 14,027 and an ART force of

8,629. This modest growth will be used to support aviation and combat service support unit activations and other restructuring as well as providing for recruiters for doctors and nurses and as an offset to the reduction of 108 active Army full time manning positions in Fiscal Year 1989. We remain committed to providing for substantial increases in fulltime support; however, fiscal realities have required deferral of that goal.

Our need for additional personnel to support efforts to relieve the chronic shortage of doctors and nurses is especially critical and has been of concern to the Army, this committee and Congress for some time. Congress has already provided two incentives to encourage health care professionals to serve in the Reserves; the Health Care Professions Loan Repayment and the Specialized Training Assistance Programs. Both of the programs are targeted to critically short physician and nurse skills centering on certain surgical specialties. While the incentives are important, without the necessary recruiters to market them to the medical community they are meaningless. While we allocated 75 additional AGR positions to support medical recruiting in Fiscal Year 1988, more are needed. Our budget request includes 56 additional AGR recruiters in Fiscal Year 1990 and 61 more in Fiscal Year 91.

The Total Army mission requires compressed deployment schedules, which demand increased and unprecedented levels of Reserve readiness. Full-time support is the single most essential factor in the calculus of Army Reserve readiness. Full-time support personnel allow drilling Reservists to spend their limited training time actually training. Full-time personnel train, administer, plan, and perform maintenance and logistical functions for their units. AGR personnel also provide commanders increased flexibility to perform their missions because of their availability for overtime, specialty training, and relocation to meet worldwide Army Reserve requirements. It is the presence of full-time support personnel, especially our AGR soldiers, that has allowed the Army leadership to assign increased missions confidently to its Reserve Components.

The relatively small number of AGR's and other full-time support personnel successfully enables Reserve Component units to replace more expensive Active Component units. In this sense, the investment in additional AGR's and Army Reserve technicians is particularly prudent. In terms of the Total Army's ability to expand its mobilization and readiness capacity, the return on this investment is especially significant in these days of severely constrained budgets.

The Individual Ready Reserve (IRR) is the Army's principal source of trained military personnel to serve as replacements or filler personnel for both active and reserve component units. Supporting the Total Army, it is the Nation's largest pool of deployable and pretrained manpower. Its strength has grown from 213 thousand in Fiscal Year 1981 to a Fiscal Year 1988 end strength of over 292 thousand. Training programs for this segment of the Reserve population have been among those most severely decremented.

The Fiscal Year 1990 request also includes $53.9 million for various incentive programs and $23.3 million for educational benefits. For Fiscal Year 1991, the request includes $54.7 million for incentives and $23.3 million for education benefits. These programs are a major element in maintaining our unit strength and in fulfilling mission requirements. The incentive program pays a variable bonus to persons enlisting in the Army Reserve in specific critical skills or high priority units, and it reduces critical skill shortages in both troop program units and the IRR. The education benefit program helps build a stronger, smarter Army Reserve. These programs are complementary and both are essential to attaining our strength goals.

One key program is the Specialized Training for Army Readiness (STAR) Program, which demonstrates maximum effective use of training dollars while supporting the local community and promoting service to our country. STAR uses civilian institutions rather than traditional Army schools to provide specialty training for medical soldiers. Following basic training, the soldiers in the STAR program return home and complete an associate or technical program in a drilling reserve status rather than on active duty. The initial focus of STAR is to recruit health professionals. Eventually we hope to expand it to include other critically short low density skills.

The Army Reserve's essential training requirements will continue to be met in Fiscal Year 1990. One key initiative the Army Reserve is continuing to pursue is the deployment of Heavy Maintenance Companies (HEMCO's) in Europe. Conceptually, reserve component HEMCO's would rotate through a European equipment maintenance center every three weeks. The first Army Reserve unit is scheduled to arrive in Europe in April, 1989. If the concept proves successful, additional missions will be evaluated for possible reserve component assumption.

In a year when the end strength of the Active Army is experiencing no growth, lack of paid drill and fulltime support strength growth within the Army Reserve will add risk to the Total Army's ability to expand its total readiness and mobilization capacity. Numerous changes to the Army Reserve's force structure intended to realign it more closely with wartime requirements will have to be deferred to some uncertain date in the future or accomplished within current end strength limitations. Such "out of hide" changes raise the level of risk of personnel and structure turbulence that may degrade the Army Reserve's ability to improve its mobilization readiness. Turbulence may also result when, in response to population shifts, we are required to place new structure, and relocate existing units, to areas of our country that can demographically support our personnel requirements. Many of the Army Reserve's modernization efforts may also have to be deferred as the issue of some new equipment items must be delayed until the full-time support personnel required to maintain these items are approved at the levels contained in the Fiscal Year 1990/1991 budget submission.

In the years beyond Fiscal Year 1990, difficult choices will have to be made between retaining existing structure and activating programmed structure in the face of constrained funding. We will predicate our decisions upon an objective analysis that structures a USAR force that best meets the requirements of our war fighting commanders-in-chief.

The operation and maintenance request for the Army Reserve contains only modest increases. The Operation and Maintenance, Army Reserve (OMAR) budget request for Fiscal Year 1990 is for $862 million, an increase of $27 million from Fiscal Year 1989. The Fiscal Year 1991 request is for $903 million, an increase of $41 million from Fiscal Year 1990. These increases primarily result from pay raises and inflation; however, they also support medical recruiting initiative, additional Selected Reserve paid drill strength, 100 additional ART's each year, and increased training.

The level of Army Reserve equipment on hand is still improving. Since Fiscal Year 1981, the Army Reserve has receive approximately $1.2 billion's worth of equipment from both the Dedicated Procurement Program and normal Army procurement combined. This equipment has substantially improved Army Reserve training and mission capabilities. Progress is being made; however, we were still short $3.1 billion from our wartime required equipment levels at the end of Fiscal Year 1988, according to the annual report of the Reserve Forces Policy Board for Fiscal Year 1988.

In conclusion, as you consider our budget requests for Fiscal Year 1990, I would like you to bear in mind the words of the Secretary of the Army and the Chief of Staff in their Fiscal Year 1989 joint posture statement for the Army:

" The assignment of appropriate missions to the Reserve Component continues to be a cost effective means of expanding the Total Army readiness and mobilization capacity...."

"...The Total Army's growing reliance on the Reserve Component reflects its [increasing] competence and professionalism. The Reserve Component is no longer merely a supplement to the Active Army. Today it is an essential element, rounding out key divisions of the Total Army, with some Reserve Component units deploying before those of the Active Army."

The point here is a simple one: The Reserve Components, properly staffed, equipped, and trained can do the jobs and accomplish the missions assigned to them. By virtue of their being part-time, our citizen-soldiers enable the Total Army to accept additional missions at a fraction of the Active Army's cost.

In these days of tight budgets, reserve forces are the best bargains in DoD. The current budget submission contains enough real growth in OMAR to meet the readiness requirements of the Army Reserve. Any reductions in funding below the requested amounts would negatively affect Reserve readiness. Your help is absolutely necessary if we are to continue to meet the requirements of today and the challenges of tomorrow.

That concludes my statement. Do you have any questions?

Senator **Glenn**. Mr. Duncan.

STATEMENT OF HON. STEPHEN M. DUNCAN, ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

Mr. **Duncan**. Mr. Chairman, at the risk of losing my other arm, since I just came from another hearing on another subject that is tough, could I offer a comment on your observations about the Total Force Policy?

Senator **Glenn**. Yes.

Mr. **Duncan**. We have had, I think, a very healthy ongoing discussion with the Senate on this policy. But, I would caution you not to draw any broad conclusions about the efficacy of the Total Force Policy from the fact that we have resourcing problems in the Army's combat support and combat service support elements.

First of all, the Total Force Policy is, in my opinion, working very well in most of the services. I do not see those problems that are in the Army's combat support and service support elements as having anything to do with the Total Force Policy, and it is certainly not a Reserve component problem.

What it is, is a resourcing problem that happens to fall disproportionately on Reserve units because of the Army's decision, which with many people disagree.

Senator **Glenn**. Mr. Duncan, the question is are we ready to go to combat or are we not, and the answer is we are not. That is the basic, bottom line.

Mr. **Duncan**. Well, I disagree, Senator. We are ready to go to combat.

Senator **Glenn**. You have a Reserve Forces Policy Board that puts out an annual report. Your own people tell us that 45 percent are not combat ready in the units we have been discussing. Are you saying that they are wrong?

Mr. **Duncan**. My staff helped the Board prepare that report, so I know the report backwards and forwards. But let me suggest that the issue is not as simplistic as you suggest.

For example, I know the sorts system is not a perfect system, but a unit can be rated as not ready to be deployed because it is C–5. On Tuesday it might have F–4s and on Wednesday F–16s, but it is C–5 because it is transitioning to new equipment. It is just not that simplistic. You have to go behind the numbers and ask why a unit is not ready. In some cases it is equipment, and in some cases it is personnel. In some cases it is training.

I think the trends are very positive. We can talk about the work that has gone on recently by the Army's Training Strategy Task Force to improve training.

Are we doing well enough on equipment? No. Are the resources in the pipeline? Partially. Can we do a better job of managing resources within the Department? Absolutely. That is why we have the Department's first to fight/first to equip policy.

But we have broad commitments, a finite amount of resources that are decreasing; and I think that while the trends are not as positive as I would like to see them, and while units are not ready in many cases, we are facing up to that problem. It does not say anything about the efficacy of the Total Force Policy. It says something about how we are managing the policy within one branch called the combat support/combat service support elements of the Army, and I think the trends there are positive.

Are they positive enough? Well, I think I have a healthy skepticism, but I see a whole lot of good work that has gone on in recent months. So I am very hopeful about that. But I do not think it says anything about the efficacy of the entire Total Force Policy at all.

Senator **Glenn**. But the reason I bring it up under Total Force Policy and bring it up under that title is because this has been a consistent problem. And when I first started talking about this 4 or 5 years ago I thought it was something that you if were working on, that it would be corrected, and yet the figures remain about the same year after year, and we do not see changes in the budget that is submitted to fix these things. So we go ahead, we go along with it; we are going to fix it next year. Trends are all right. Nothing happened to the trends for about 3 years, so we changed the rating system, and that pushed it up about 10 percent, artificially, as I see it, and we have not really fixed anything yet.

And my bottom line is what is the combat capability today? The percentages have been around 45–50 percent not combat ready year after year after year after year.

Now, I bring it up under Total Force Policy because I think there are some parts of the Reserve, the Air Reserve and Guard, that do a superb job. I gave the percentages a little while ago. Maybe we can assign more missions there, but in these areas where we have been 45 or 50 percent not combat ready, and it goes on year after year after year, making very little progress—maybe we have a trend that is right now, as you say. But if we go on year after year, it seems to me it relates to Total Force Policy; do we need to reassign some of those missions in order to get them where we can do something about them?

Mr. **Duncan**. No. I told you in my confirmation hearing that whether you assign missions to the Active forces or the Reserve forces, you have to resource whichever forces you are asking to perform the mission.

Senator **Glenn**. Then why do we not ask for resourcing in your budget request?

Mr. **Duncan**. Well, I think, you know, given the restrictions that were placed on DOD for budget requests, we have asked for resources. How well we are managing it within the Department is a fair question. And how much of the resources that we have been given, and we have asked for, are being given to combat service support and combat support forces is a fair question to be asked.

Senator **Exon**. Senator Glenn, could I jump in here for just a moment?

I think maybe one of the problems that we have—and I would like you gentlemen to comment on it at a particular time during this hearing—is that with the budget squeeze, I am very fearful that we are in the end going to make our Reserve and Guard forces less combat ready than they are now. I think it comes back to the situation of the budget squeeze, what emphasis the Pentagon puts on the various forces.

My experience with the Pentagon, right or wrong, seems to be that they would like to have more money; if they cannot have more money, they tend to sacrifice the Reserve and Guard forces first, their own Active forces second, and some of the more exotic programs and systems that we would all like to have receive top billing and top priority. I believe that that may be the situation that is going on right now.

I certainly agree with Senator Glenn that the readiness in some of our forces is not adequate. I wonder if sometimes we do not have a proper measuring stick as to what we can properly do. In other words, I think maybe it is a coverup to show we have got all these people out there to do these assigned missions in case we would go into a wartime status, and yet, we do not have any real measuring stick to make a determination on what they are.

All too often, I believe, for example, that we maybe pay too much attention to the amount of equipment that is assigned to a reserve unit vis-a-vis an active unit, or on the equipment assigned to the various Reserve components in the overall force structure. So I think maybe whatever the measure of success is something we have not properly defined and overdefined, I believe, in some instances with regard to the readiness, combat readiness of some of these forces.

I am wondering if there is a proper balance or a mix of missions, equipment, and levels of readiness among the Active and Reserve within some acceptable level of relatively lower combat readiness for some and more combat readiness for others. I think sometimes we tend to believe that all of our Guard, and all of our Reserve, and all of our forces are fully equipped and ready to do what they are assigned to do under the total force concept. We are overstating that because we want to protect our flanks.

What is your general answer, briefly, to what I have just stated, which I think you can tell is a concern of not only myself, but I think of Senator Glenn, the chairman of the committee.

Mr. DUNCAN. One of the problems with the Total Force Policy is there is some misunderstanding of it. My own perception—and this is Steve Duncan speaking—is that it was not intended to make active force, active soldiers and reserve soldiers fungible items.

What it was meant to do was to integrate in the most efficient, militarily capable way, for the best cost savings Reserve forces and Active forces. And within that, since we have a finite amount of resources and very broad commitments that the professionals sitting at this table are being asked to meet, there are not enough resources to meet all of those commitments. So, how do we go about it?

And that is why the Department came up in 1982 with the common sensical policy of "first to fight/first to resource." And so, what we are trying to do, with increasing ability, I believe, is to enforce the Department's policy to resource first, units that would fight first. And I do not just mean with equipment; for training, for everything else, the people and everything else; to resource first the units which would be most likely to be deployed to an area of conflict first, whether they are combat units, or support elements, or whatever. And we are having increasing success with this management policy.

Can we improve? I believe so. But the trend is in the right direction.

Senator EXON. Do you believe that manpower and woman power are suffering disproportionately under the budget crunch in the drive for new systems?

Mr. DUNCAN. We are trying to avoid that. Secretary Cheney has given very clear direction that people are our first priority. We do our best. Do we make mistakes? I am sure we do. But we are trying to protect the people as best we can.

Senator EXON. Do you think over the last 5 years that we stand guilty of that?

Mr. DUNCAN. Of asking our people to do too much, you mean, at the expense of——

Senator EXON. To get back to the question once again, do you think people are suffering under the budget crunch vis-a-vis the desire for new systems, many of them I support wholly. Is there a proper balance do you think, over the last 5 years? Let us not talk about what the situation is.

Has there been a proper balance over the last 5 years, in your opinion, with regard to cutbacks, lack of training of people, primarily because we have used a disproportionate amount of the money for systems?

Mr. DUNCAN. I do not wish to be evasive, Senator, but I have been here slightly over 1½ years, so I am not personally familiar with the balance before then. But my perception is, having now worked with two Secretaries of Defense, that both of them have put people at the very top of the list when we were performing our mandate to prepare the Department's proposed budget for submission to the President.

Senator EXON. You cannot say that in the past we have given the Reserves and the Guard proper attention in the budget process out of the Pentagon.

Mr. DUNCAN. Oh, no. In fact, if you go back 15 years, one of the good results of the Total Force Policy since, say, 1973, is the attention that has been given the Guard and Reserve. The professionals here can tell you that.

But your question was directed to the last 5 years, and I just do not have a feel for that. Since we started the Total Force Policy—especially in the decade of the 1980s, my personal opinion is that we have done very well with the Reserve forces. But, I think we can, from a DOD departmental level, improve the management of what available resources we have with the Guard and Reserve.

But absolutely, we have a constant challenge. There is a tendency among the services to always buy a new tank or something else, before giving money to a reservist for his training. Absolutely. I spend much of my time on those problems.

Senator EXON. Thank you, Mr. Secretary.

[The prepared statement of Mr. Duncan follows:]

HONORABLE STEPHEN M. DUNCAN

PREPARED STATEMENT OF THE ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

Mr. Chairman and Members of the Subcommittee:

I'm very pleased to have the opportunity once again to appear before this committee to discuss both the manner in which the Reserve forces of the United States met the difficult challenges of the 1980's, and our plans for fulfilling our commitment to readiness in the 1990's. As we engage in the task of formulating our national security policies for the future, it is particularly timely to reflect upon the state of the Total Force Policy and the degree to which we have successfully integrated Reserve and Active forces to carry out our national security objectives.

An understanding of the Total Force Policy must, of course, start from the premise that Americans have always been suspicious of large, professional, standing armies. Debate has also continued within the Armed Forces since at least the end of the Civil War as to whether the nation is best served by a cadre of professional soldiers in skeletonized units into which wartime recruits or draftees can be absorbed, or rather by the maintenance of a small, ready, Regular Army which can be quickly supplemented by citizen-soldier Reservists who are prepared to rapidly mobilize when the war tocsin sounds. Americans have come to expect that in wartime, the nation will call them to leave their civilian jobs and to join the Armed Forces until the conflict is over. Observers have noted that our country has survived several major wars with a local militia system based wholly, or at least substantially, on the recruitment of volunteers in peacetime.

Winston Churchill noted that "there are no people in the world who are so slow to develop hostile feelings against a foreign country as the Americans," and that "there are no people who, once estranged, are more difficult to win back." However commendable this reputation might otherwise be, it is dangerous in the modern world to assume that in future conventional conflicts, our nation will have sufficient time to mobilize and train sufficient numbers of citizen-soldiers. In order to minimize the risks which are associated with our tradition and to achieve the most cost-effective balance between our Reserve and Active components which meets our national security needs, our National Guard and Reserve forces have been given significantly expanded peacetime operational responsibilities in recent years, as well as greater wartime missions.

As late as 1980, however, the theory behind the Total Force Policy could not be effectively implemented. By almost any standard, the condition of the Reserve forces was serious. In 1980, the strength of the Ready Reserve, i.e., the Selected Reserve and Individual Ready Reserve, was 1.3 million. A combination of austere procurement budgets during the previous decade and a de facto policy of allocating almost all first-line equipment to the Active forces, had created both obsolescence and a major shortage of equipment in the Reserve forces. As with the Active component, there was an immediate need for improvement in the readiness and sustainability of the Reserve forces. Civilian and military leaders also had widely divergent attitudes not only about the then current capabilities of Reserve forces, but even about their potential.

Today, the circumstances of the Reserve forces are substantially different. A series of policy initiatives by the

Department of Defense and legislative actions by Congress have resulted in a Total Force that few members of the Reserve forces who retired before 1980 would recognize. The increased appropriations of the early 1980's, for example, permitted the purchase of substantial amounts of modern equipment for the Reserve components. Increases in the availability of resources for the purchase of modern equipment, however, required a revision of equipment distribution policies. It made neither military nor management sense to have Reserve and Active forces competing for badly needed equipment without some over-arching policy guidance. In June, 1982, the Secretary of Defense provided such guidance to the Joint Chiefs of Staff and to the Services, by directing that:

> "The long-range ... goal of the Department is to equip all Active, Guard and Reserve units to full wartime requirements ... [U]nits that fight first shall be equipped first regardless of component.
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> * * *
>
> ... early-deploying ... Guard and Reserve units must have equipment to perform their missions. Active and Reserve units deploying at the same time should have equal claim on modern equipment inventories."

The subsequent success in obtaining modern equipment for the Reserve forces has been matched by the growth in the size of those forces. Since 1980, the strength of the Ready Reserve Forces has increased by more than 350,000 personnel, an increase of 29 percent. The bulk of that growth has taken place in the Selected Reserve, which has increased by some 32 percent. Today, the Ready Reserve Forces of the United States total more than 1.64 million personnel.

Successful efforts have also been made to improve the quality of the personnel who serve in the Reserve forces. The improvements have been substantial during this decade and it can be seen and measured in various ways. In 1988, for example, 92 percent of the enlisted National Guard members and Reservists were high school graduates and 95 percent scored "average" or "above-average" on the Armed Forces Qualification Test. This represents a 20 percent increase in the number of high school graduates and a 20 percent increase in the scores on AFQT since 1980.

Perhaps an even more meaningful and obvious measure of what has happened to the Reserve forces during the 1980's, is the nature of the broad peacetime operational responsibilities which have been assumed by those forces on a regular basis. By way of brief example only, it should be noted that Air Force National Guard and Reserve personnel participated in the airlift of troops to Panama recently as they did in the airlift of troops to Honduras when they were ordered there by President Reagan last spring. They have also flown humanitarian relief supplies to Armenia, Central America, and Jamaica. Air National Guard pilots routinely fly air defense missions with F-16 aircraft. Naval Reservists have assumed shipping-control responsibilities and have served as part of the crews of the minesweepers and other ships which have been deployed to the Persian Gulf. Personnel from the Army's Reserve components are providing significant maintenance support in Europe and are still serving at Joint Task Force Bravo in Honduras. Marine Corps Reserve in-flight refueling aircraft regularly support Active component tactical aircraft flying worldwide.

The training of National Guard and Reserve units has been tied primarily to the wartime mission of each unit. We have insisted that Reserve Force units utilize the same training methods, the same performance standards, and the same readiness criteria as their Active service counterparts. We have placed increased emphasis on combined arms and joint service training in order to expose our Reserve forces to current battlefield tactics. We have undertaken various training initiatives (some of which are discussed later in my Statement) to ensure that National Guard and Reserve forces are ready to mobilize and to fight.

I believe that we may fairly conclude that the growth in the importance of our Reserve forces since 1980, our increased reliance on those forces, and the improvement in the capability of those forces has been substantial. Americans have every right to be proud of our Reserve forces because they are, in fact, the best in the world.

It is also clear, however, that several challenges remain. As we explore additional cost-effective ways to maintain a strong defense force through reliance on our Reserve forces, it is essential that we address those challenges with candor and with energy.

READINESS AND TRAINING OF RESERVE FORCES

The substantial improvement in the capability of our Reserve forces has not eliminated all readiness problems. In 1986, my office identified a problem area that could have a significant impact on the sustainability of our forces on the battlefield. The problems involve our support forces, especially combat service support forces. The problems are not unique to the Reserve forces, but because approximately 70 percent of the combat support and combat service support units that would be required in a short notice, conventional conflict of any significant magnitude are units from the Reserve components, the problems have been the focus of a great deal of our attention. They have recently become the subject of public discussion. Many of the problems are related to our ability to provide sufficient wartime medical care. I will address these problems later in my Statement.

Readiness is, of course, one of the four "pillars" of military capability (the others being force structure, modernization of equipment and sustainability), and it includes tangible components such as numbers of people, and intangible components such as leadership and morale. Readiness is, however, a critical factor and one that depends to a very great extent on training.

In his final report to Congress on the FY 1990/FY 1991 Biennial Budget, former Secretary of Defense Carlucci observed that training is the cornerstone of combat readiness and that early-deploying units will be only as ready for war as their peacetime training has made them. It is a fact that many early-deploying units in any sizeable conflict would be Reserve forces.

Fiscal constraints have prevented us from fully correcting many of the readiness challenges which face the Reserve forces, e.g., equipment shortages, inadequate facilities. Many others are the result of factors which are unique to Reserve forces. Some of them have the potential to become more troublesome as the Reserve components assume additional wartime missions and peacetime responsibilities under the Total Force Policy. These factors include limited training time (mandated by law and normally, 38-39 days per year), turbulence in force structure and the missions assigned to Reserve units, training courses which have been designed for Active personnel, the high mobility of young men and women who serve in the Reserve forces, excessive attrition of trained Reserve personnel, the broad geographical dispersion between individual Reservists who serve in a particular Reserve unit, and insufficient numbers of full-time support personnel. Several initiatives have been taken during the last year to eliminate or at least reduce the effect of these obstacles.

One of the most significant actions has been the development of the Army's Reserve Component Training Strategy. The Task Force which was charged with the responsibility of developing that strategy and an action plan to implement it has received the strong support of my office and the Army's leadership. One of my deputies was a member of the Task Force. I have been working with the Army's leadership in an effort to seek funding solutions for the implementation of the strategy, but several corrective measures are already being implemented, such as the renewed emphasis on the training of Reserve leaders, improvements in training management, (e.g., the reconfiguration of training courses to meet Reserve component needs, the prioritization of Active/Reserve component training resources on the basis of national strategy/mobilization needs, etc.), and a renewed emphasis on training which is related to individual military skills.

My office has also continued to search for other innovative means to improve the training of Reserve forces. One of my deputies chairs a DoD committee that includes representatives from each of the Services, JCS, each of the Reserve components, and selected OSD staff offices. The committee members exchange information on the training problems encountered by each Reserve component and how those problems are being addressed. We are focusing increased attention on the use of simulators and similar devices to increase the efficient use of the limited training time which is available to Reservists; we are examining the cost-effectiveness of civilian contract training programs; we are encouraging the use of regional training programs by the Services; and we have examined the feasibility of requiring increased training times for the Reserve components.

We attempt to stay abreast of new technology which will enable our Reservists to train more effectively. Instructional interactive video systems show great promise to lessen the hardship caused by the geographic separation of individual Reservists. We have supported the research, development and testing of one of these systems (referred to as the Reserve Integrated Information Management System--RIMS). So far, it has demonstrated exceptional flexibility for the long distance training of Reservists.

I have also taken every available opportunity to encourage Reserve leaders to seek ways to eliminate unnecessary administrative routines in order to spend every minute which is available for training, on training. I have encouraged stability in Reserve unit and Reserve personnel mission assignments, and I have established a task force to recommend new policies to attack the unacceptable levels of personnel attrition in certain of the Reserve components.

The "military capability" of the Reserve components (i.e., the ability to achieve a specific wartime objective) is undoubtedly better than their improved state of "readiness" as measured by certain objective criteria, but much remains to be done to improve the training of certain Reserve units and individual Reservists.

Overseas Training

Overseas training continues to be particularly valuable since it provides realistic mobilization and deployment training; it also provides an opportunity to train under the operational chain of command; and it provides familiarity with possible areas of wartime employment.

Overseas training has been increased significantly in recent years. In 1980, 400 National Guard and Reserve units trained in countries other than the United States. In 1988, 3,536 Reserve units or cells trained overseas. More than 82,000 personnel trained at locations in Germany, Norway, Korea, the Middle East, Panama, and other countries. It is our intention to continue cost-effective training of this nature because the broad and significant benefits which flow from that training cannot be obtained by other means.

RESERVE MANPOWER

Selected Reserve Manpower Trends

Since FY 1980, Selected Reserve manpower has increased by one-third to its largest peacetime level in modern history. It now comprises approximately 35 percent of the Total Force. The growth over the last decade was driven by an expansion in both the scope and type of missions assigned to National Guard and Reserve units as part of the Total Force Policy. For this reason, it is critical that Selected Reserve units be trained and equipped to be able to mobilize on short notice. Selected Reserve strength increased by 7,500 in FY 1988. By the end of FY 1991, Selected Reserve strength is projected to exceed FY 1988 levels by more than 23,000, while overall Active force strength is currently programmed to decrease by over 3,600.

TABLE 1

Selected Reserve Manpower*
President Reagan's Budget
(End-Year Strength in Thousands)

	Actual	Estimated	Projected	
	FY 1988	FY 1989	FY 1990	FY 1991
Army National Guard	455	457	458	459
Army Reserve	313	319	322	324
Naval Reserve	149	153	153	154
Marine Corps Reserve	44	44	44	44
Air National Guard	115	115	116	116
Air Force Reserve	82	84	85	85
Totals	1,158	1,171	1,178	1,182
Coast Guard Reserve	12	12	13	14

*Numbers may not add due to rounding

An increase in end-year strength of 700 for the Army National Guard and 4,400 for the Army Reserve has been planned over the period FY 1990 through FY 1991. The largest increase reflects growth in medical force structure. Also aviation, air defense, chemical, engineer, ordnance, military intelligence, transportation, and special operations units are being added to the force structure. In FY 1990 and FY 1991, as in FY 1989, the programmed strength of the Army Selected Reserve components will slightly exceed that of the Active Army.

A combined growth of 2,400 over the FY 1990 and FY 1991 period is planned for the Naval Reserve. More than half of the planned increase in the strength of the Naval Reserve reflects the required manning for four additional frigates to be transferred to the Naval Reserve Force in FY 1990, and the nine which will be transferred in FY 1991. The remaining growth will provide increased drill strength to meet Reserve physician and nurse recruiting requirements and Shore Intermediate Maintenance Activity support. By 1992, the Naval Reserve hopes to achieve its target assignment of 24 modern frigates.

The end strength of the Marine Corps Selected Reserve will increase marginally in FY 1990 and FY 1991, with a combined two-year increase of 500. The planned increases are for full-time support personnel for a KC-130T Tanker Squadron, an AH-1J Attack Helicopter Squadron, and recruit combat training.

The increases in end-strength which are planned for the Air National Guard and the Air Force Reserve, i.e., a total of 1,325 and 1,585 respectively for the period FY 1990 through FY 1991, will be for medical personnel and medical support units. The Air National Guard will also receive additional C-130s in FY 1990 and the Air Force Reserve will activate a second C-141 unit in FY 1991.

Full-Time Support Personnel

As we expand our reliance on Reserve forces, it is important that those forces be given adequate full-time support by Active component personnel, Active Guard/Reserve personnel, military technicians, and civil service personnel. The full-time support personnel organize, train, recruit, and administer the Reserve component forces while maintaining equipment and performing other logistical activities. Total strength for full-time support personnel at the end of FY 1988 was approximately 15 percent of the Selected Reserve.

The effectiveness of the training provided to drilling Reservists is directly related to the quality of the full-time support force. Consequently, our goal is to identify and fully fund the most cost effective strength levels which are needed for full-time support, and to ensure that those individuals become highly skilled in the planning and execution of programs and training in order to enhance both unit and individual mobilization readiness. We have requested an increase in full-time personnel of 2,242 for FY 1990, and an additional 1,619 for FY 1991. The requested growth is an effort to obtain full-time manning support for troop units being activated in FY 1990 and FY 1991, and to enhance medical recruiting. The slight decreases in civilian strengths reflect gradual elimination of Status Quo Technicians and a conscious decision to place greater reliance on AGR's and military technicians for support. Tables 2 through 5 reflect our full-time support program objectives through FY 1991.

TABLE 2

Full-Time Support (Year-End Strength)
Active Guard and Reserve (AGR)

	FY 1988 Actual	FY 1989 Estimate	FY 1990 Request	FY 1991 Request
Army National Guard	25,659	25,914	26,164	26,514
Army Reserve	13,341	13,344	13,680	14,027
Naval Reserve	21,782	21,991	22,708	23,565
Marine Corps Reserve	1,945	1,945	2,301	2,401
Air National Guard	7,709	7,948	8,517	8,468
Air Force Reserve	626	672	686	700
TOTALS	71,062	71,814	74,056	75,675

TABLE 3

Full-Time Support (Year-End Strength)
Active Component

	FY 1988 Actual	FY 1989 Estimate	FY 1990 Request	FY 1991 Request
Army National Guard*	745	745	745	745
Army Reserve**	1,299	1,299	1,299	1,299
Naval Reserve	7,748	7,006	7,471	7,435
Marine Corps Reserve	5,330	4,996	4,963	4,944
Air National Guard***	625	612	599	600
Air Force Reserve	633	605	592	603
TOTALS	16,380	15,263	15,669	15,626

*Includes Senior Advisors (Unit)
**Excludes AC in CONUSAs and Readiness Regions
***Includes Reimbursables

TABLE 4

Full-Time Support (Year-End Strength)
Civilians

	FY 1988 Actual	FY 1989 Estimate	FY 1990 Request	FY 1991 Request
Army National Guard*	2,449	2,606	2,606	2,606
Army Reserve	5,480	5,536	5,438	5,479
Naval Reserve	2,940	3,002	2,950	2,879
Marine Corps Reserve	352	352	352	352
Air National Guard*	2,396	2,497	2,297	2,194
Air Force Reserve	5,083	4,560	4,547	4,320
TOTALS	18,700	18,553	18,190	17,830

*Includes Title 5 and Title 32 civilian employees

TABLE 5

Full-Time Support (Year-End Strength)
Technicians

	FY 1988 Actual	FY 1989 Estimate	FY 1990 Request	FY 1991 Request
Army National Guard*	26,332	25,920	26,257	26,447
Army Reserve	7,322	7,529	7,629	7,729
Air National Guard*	22,887	23,144	23,448	23,454
Air Force Reserve	9,111	10,027	10,090	10,037
TOTALS	65,652	66,620	67,424	67,667

*Includes only dual-status military technicians

Individual Ready Reserve

The Individual Ready Reserve (IRR) is our principal source of trained individuals to fill wartime manpower shortages in Active and Reserve units, to replace unskilled or partially skilled unit members, and to replace combat casualties during the first 120 days of a full mobilization.

The Army, Navy, and Air Force have used IRR Reenlistment Bonus Programs to reduce specific shortages in combat and other critical wartime skills. In FY 1987, my office initiated a requirement for eligible IRR personnel to perform at least one day of active duty during the year to permit evaluation of skill proficiency, to determine refresher training needs, and to confirm mobilization availability. The screening program also serves to reinforce the recognition by each Individual Ready Reservist of his legal obligation to notify his respective Service about changes in his personal status. Table 6 illustrates the IRR reporting results for FY 1988.

TABLE 6

IRR Reporting Results

	IRR Total	Ordered to Screen	Screened	Show Rate
ARMY	292,857	179,680	98,509	54.8%
NAVY	83,969	22,596	18,401	81.4%
AIR FORCE	55,914	17,882	15,644	87.5%
MARINE CORPS	42,389	21,542	15,427	71.6%
TOTALS	475,129	238,710	147,991	62.0%

While budgetary constraints preclude the annual screening of all eligible IRR personnel, we believe strongly that a periodic screening program should be continued.

The IRR Screening Program has had a positive effect on the management by the Services of the IRR. Each Service has indicated that the screening program has improved its ability to manage and screen IRR personnel; initiated reviews of separations unrelated to actual performance, such as pregnancy and hardship; increased the use of IRR bonuses for critical skills; and facilitated more aggressive attempts to obtain current addresses for non-locatable IRR members.

As in FY 1987, the IRR screening program for FY 1988 highlighted problems associated with an Army IRR retention policy established in the 1979 Defense Authorization Act. That legislation directed the Secretary of the Army to retain many individuals in the IRR that normally would have been discharged. The provision was established to help overcome serious Army IRR manpower shortages that existed at that time. This policy needs to be reexamined.

The IRR Screening program has generated some unexpected benefits. Each Service has discovered that a portion of its IRR indicated interest in a Selected Reserve program (over 10,000 were planning to join the Selected Reserve). All of the Reserve components concluded that the screening program is an excellent way to update IRR data bases.

Table 7 reflects the Individual Ready Reserve Strength profile by Reserve component.

TABLE 7

IRR Strength

Component	FY 1988 Actual	FY 1989 Estimate	FY 1990 Projected	FY 1991 Projected
Army National Guard (ING)	8,972	10,507	10,507	10,507
Army Reserve	292,857	295,116	329,476	431,965
Naval Reserve	83,969	90,000	113,600	135,000
Marine Corps Reserve	42,389	49,000	54,000	74,000
Air Force Reserve	55,914	43,900	43,900	43,900
TOTALS	484,101	488,523	551,483	695,372

The Army IRR strength has grown from 150,000 in 1977 to 292,857 (246,200 enlisted) in FY 1988. In FY 1988, 6,000 (2.4%) Army enlisted personnel were transferred to the IRR in lieu of discharge for the following reasons: lack of skill (did not complete training), unsatisfactory performance, unsuitability, pregnancy, hardship, dependency, parenthood, Secretarial authority, or failure to meet medical standards. Approximately 31,762 members (10.8%) were transferred as a result of unsatisfactory participation in Selected Reserve units.

I am particularly concerned with the reliability of this last group. During the FY 1988 screening program, a large portion did not respond for the screening as required. It is clear that these members are not likely to honor their IRR commitment any better than they honored their commitment to the Active Force or Selected Reserve.

Selected Reserve Recruiting

Demographic projections for the next five to seven years indicate a declining population of young, qualified candidates for military service. During FY 1988 we experienced a drop in enlistments of 18,000 (8 percent). The decrease in enlistments was the result of a reduction in the Services' recruiting objectives and a decrease in the number of funded training spaces for Reservists. Reserve manpower recruiting objectives were lower in FY 1988 due to the successful buildup of the Selected Reserve between FY 1979 and FY 1987 and fiscal constraints.

Improved Reserve training opportunities, the increased prestige of the Reserve forces, and incentive programs such as the Montgomery GI Bill have all contributed to the success of recruiting and retention programs. Prior-service enlistments exceeded non-prior service enlistments by more than 37,700 during FY 1988, slightly less than 59 percent of total enlistments. The Selected Reserve now includes a record high total of 1,158,300 men and women.

Table 8 summarizes Selected Reserve enlisted recruiting from FY 1980 through FY 1988.

TABLE 8

DoD Selected Reserve
Enlisted Accessions
FY 1980 through FY 1988

CATEGORY	FY 1980	FY 1985	FY 1986	FY 1987	FY 1988
Prior Service	128,400	143,200	147,900	135,000	128,200
Non-Prior Service	93,700	85,600	102,600	102,500	90,500
TOTALS	222,100	228,800	250,500	237,500	218,700

As I indicated earlier, the quality of our enlisted personnel remains high. More than 92 percent of non-prior service enlistees have a high school education or equivalent, and more than 95 percent tested in categories I-III on the Armed Forces Qualification Test. The overall improvement in the quality of recruits since 1980 is substantial, as shown in Table 9.

TABLE 9

Selected Reserve Enlistments (DoD)
Quality Indicators

	High School Graduates*	Grads. as % of Tot. Enlist.	Number of AFQT I-III**	AFQT I-III as % Tot. Enlist.
FY 1980	168,500	76%	172,200	78%
FY 1988	201,900	92%	206,800	95%

*Includes equivalency certificate and diploma graduates as well as high school students who enlisted prior to their graduation and were expected to graduate.

**AFQT Categories I-III include enlistees who score average or above on the enlistment test.

Recruiting Resources and Incentives

Recruiting resources are programmed to increase two percent in FY 1990, and one percent in FY 1991, in true growth (above inflation). Though the increase is small, with a major portion of the increase involving medical recruiting incentives, we expect to achieve our total year-end strength objectives. The authorized FY 1988 year-end strength for the Selected Reserve was

1,172,400. Actual year-end strength for FY 1988 was 1,158,400, over 99 percent of the objective. Growth in Selected Reserve year-end strength appears mainly the result of the attractive enlistment incentives available to new enlistees (i.e., enlistment and affiliation bonuses, loan repayment programs, and educational assistance).

TABLE 10

DoD Reserve components
Recruiting Funds by Category
(Current $ Millions)
(Includes New and Anniversary Payments)

	Actual FY 1988	Estimate FY 1989	Budget FY 1990	Budget FY 1991
G.I. Bill	107.5	103.4	103.6	103.5
Rec/Support*	423.3	437.8	451.7	472.2
Advertising	50.5	45.2	46.9	47.7
Bonuses**	92.9	101.5	110.0	114.8
TOTALS	674.2	687.9	712.2	738.2

*Includes military and civilian payroll costs associated with recruiting

**Includes enlistment (prior and non-prior service), affiliation, and IRR bonuses; educational assistance; and loan repayment programs for enlisted and health care officer personnel.

Advertising has played an important role in achieving recruiting objectives and improving the quality of Selected Reserve personnel. The Joint Recruiting Advertising Program (JRAP) has been particularly significant to the Reserve components. These high quality, national media presentations, many in conjunction with Active Force promotions, have been made on television, radio, magazines, and newspaper supplements. Of the advertising sums shown in Table 10, $2.0 million were earmarked for Reserve component advertising in the JRAP in 1988, 1989 and 1990. This is money well-spent as it serves not only to maintain high visibility in the public mind on military service, but also to effectively portray the diversity, challenges, and solid value of military experience for young people.

Table 11 identifies recruiting resources by Reserve component for the four-year period of FY 1988 through FY 1991.

TABLE 11

Recruiting Resources by Reserve component
(Current $ in Millions)

Component	Actual FY 1988	Programmed FY 1989	Budget FY 1990	Budget FY 1991
Army National Guard	279.5	275.5	269.9	279.5
Army Reserve	204.1	203.9	226.9	233.3
Naval Reserve	85.5	98.4	101.6	104.5
Marine Corps Reserve	23.6	24.7	24.3	24.2
Air Force Reserve	35.6	39.5	42.3	47.0
Air National Guard	43.1	45.9	47.5	50.9
Joint Adv.	2.1	2.1	2.1	2.1
TOTALS	673.6*	690.1	714.5	741.6

*Numbers may not total due to rounding.

The FY 1990 request for Selected Reserve recruiting is $24.4 more than the FY 1989 program. The FY 1991 request is $27.1 more than FY 1990 levels. We are confident, even though this small increase hardly keeps pace with inflation, that the current incentive structure will ensure the continued success of the Reserve component portion of the All-Volunteer Force.

The Montgomery GI Bill

The Montgomery GI Bill is a valuable recruiting and retention tool for the Selected Reserve. Since participation in the program requires an obligated term of service of at least six years in the Selected Reserve, one measure of the value of the Bill is the increase in the number of six-year enlistments.

Comparison of the two-year period before the program's effective date to the two-year period of FY 1987 and FY 1988 reveals that Selected Reserve accessions into six-year or longer terms increased from 58.4 percent to 64.8 percent. Of course, not all of this increase may be attributable to the Montgomery GI Bill, since enlistment bonuses and general economic conditions also play a role in these decisions, but it was certainly a significant factor.

Participation in the program has shown steady growth since its inception in July 1985. Table 12 reflects the eligible population and participation rates by Reserve component through the end of FY 1988.

TABLE 12

Montgomery GI Bill-Selected Reserve
Eligibles and Participants by Component

Reserve Component	Eligibles	Applicants	Percent of Participation
Army National Guard	139,197	43,197	31.0
Army Reserve	57,484	27,091	47.1
Naval Reserve	28,701	11,113	38.8
Marine Corps Reserve	13,738	6,413	46.7
Air National Guard	40,911	13,225	32.3
Air Force Reserve	27,197	7,214	26.5
TOTALS	307,228	108,253	35.4

The Montgomery GI Bill has proven to be an incentive which can be precisely directed toward a specific element of the population. It is directed at young high school graduates interested in extending their education beyond high school. Ninety percent of enlisted participants are under age 30. Fifty percent of the participants are under age 22. Eighty-four percent of current participants are either full-time or three quarter time students. The GI Bill is reaching its intended audience. Table 13 identifies the participation level by Reserve component.

TABLE 13

Montgomery GI Bill-Selected Reserve
Participation by Component
As of September 30, 1988

Reserve Component	Full-Time	3/4 Time	1/2 Time	Percent of Full or 3/4 Time
Army National Guard	26,593	4,282	4,778	86.6
Army Reserve	15,575	2,627	2,813	86.6
Naval Reserve	6,433	1,305	1,686	82.1
Marine Corps Reserve	4,611	804	590	90.2
Air National Guard	7,451	1,610	2,579	77.8
Air Force Reserve	3,928	1,095	1,757	71.3
TOTALS	64,591	11,723	14,203	84.2

Table 14 shows the actual and programmed expenses of the Montgomery GI Bill.

TABLE 14

Montgomery GI Bill-Selected Reserve
Annual Obligations
(Current $ in Thousands)

Actual FY 1986	Actual FY 1987	Actual FY 1988	Estimated FY 1989	Budget FY 1990	Budget FY 1991
118,965	160,417	107,502	104,010	104,166	103,513

The Montgomery GI Bill-Reserve is unique in at least two ways. First, it pays benefits to participants before their service is completed. Second, administration of the program is shared by two agencies: the Department of Defense and the Veterans Administration. With participating Reservists and their units spread throughout the United States, only an automated system could manage timely identification of eligibility and payment of benefits. The Defense Manpower Data Center (DMDC) at Monterey, California acts as the central clearing house for Service reports of eligibility. This information is passed weekly to the Veterans Administration which makes it available to VA regional offices. Benefit payments are processed by the VA in much the same manner as any other entitlement program. There have been some difficulties in establishing a smoothly-functioning system encompassing the reserve units, DMDC, and the Veteran's Administration, but most of these have been resolved.

Reserve Medical Personnel

The number of medical personnel that would be needed in wartime varies with one's assumptions about the nature and size of probable future conflicts. For various reasons, not the least of which are fiscal constraints, the Services cannot maintain on active duty the number of medical personnel who would be required in time of war. Consequently, they have placed a large portion of their wartime medical force structure in the Reserve components. My staff has worked closely with the Office of the Assistant Secretary of Defense for Health Affairs in a coordinated effort to achieve the ability to respond quickly and adequately to the anticipated casualty flow for various types of conflict.

Readiness problems for combat medical forces do, however, remain. It is important to note, however, that these problems are not "Reserve" problems, nor do they cast doubt on the viability of the Total Force Policy. They are not unique to National Guard and Reserve forces since the Active components have similar recruiting and retention problems, and the range of solutions to the problems is greatly restricted by fiscal constraints.

Nevertheless, substantial efforts have been taken by the Department to address the readiness challenges. The Department's emphasis on readiness has succeeded in re-directing growth in personnel programs toward reducing critical wartime shortages. The Combat Casualty Care Course which was first established under the Army in 1982, for example, has now evolved into a DoD-wide program, and it has been tailored to the Reserve component training environment. Once fully operational, we will train approximately 6,000 Reservists in this course annually. Considerable progress has also been made by the Services in reducing shortages of critical medical personnel in the Selected Reserve. Significant shortages remain in the Individual Ready Reserve.

In order to see first-hand both the nature and the scope of our wartime medical readiness needs, I have visited U.S. Reserve medical units engaged in training exercises, I have met with German Reserve leaders to discuss the Wartime Host Nation Support aspects of the problem, and I have met with field commanders, such as the Commanding Generals of the 7th U.S. Army Medical Command (Heidelberg) and the 21st Support Command (Kaiserslautern). At our request, the Reserve Forces Policy

Board is also conducting a substantial field study of the combat medical manpower problems, and I have asked them to make specific, practical, low-cost recommendations. The Board is expected to complete its work this fall.

To meet these manpower needs, the Services have already implemented a new stipend program that provides a basis for targeting the student-nurse market and the Individual Ready Reserve. My office has conducted a technical review (and obtained a legal review) to determine basic training requirements for enlisted participants to maximize the use of this option. Participation in the stipend and loan repayment programs continues to grow, but it is still far below expectations. We anticipate increased participation with the recent addition of recruiters to the Reserve medical recruiting programs.

We do, of course, greatly appreciate the support we have received from Congress for recent initiatives designed to address medical manpower needs. The increase in the maximum age for the appointment and retention of selected health professionals as well as the authority to award constructive service credit for professional experience should have a positive impact on the recruitment of Reserve component physicians and nurses. The Department will establish a test program for determining the effect of special pay on reducing critical health professional wartime shortfalls.

During the course of our work with the professional medical associations this last year, we discovered a lack of awareness about opportunities for service in the Reserve forces. This lack of awareness has undoubtedly been an obstacle to a major reduction of the critical wartime shortages of medical personnel. In order to address this concern, the Office of Health Affairs designed a National Awareness Program to include a Direct Mail Marketing Campaign and a National Media Campaign in professional health care journals and other media. The response rate to the mail campaign was over five percent, which is two to three times better than the expected response rate for similar marketing campaigns. The leads generated by the National Awareness Program have been provided to the reserve medical recruiting commands of each Service.

I have been active in the Department's efforts to inform civilian health care professionals about service in the Reserve forces and the Loan Repayment and Stipend programs. I have talked to several groups of Reserve leaders, such as the Adjutants General of the National Guard, about our needs. I also participated in an employer awareness campaign which was conducted aboard the USS INDEPENDENCE at the Philadelphia Naval Shipyard. Over 1,400 employers attended from the States of New Jersey, Pennsylvania, and Delaware. The event was used to present a special message to nearly 300 of the tri-state area's top health care professionals, including medical administrators, representatives from medical colleges and teaching hospitals, and physician and nurse leaders. An appeal for assistance in the recruitment of physicians and other critically needed health care personnel was made jointly by myself and the Navy Surgeon General. We placed special emphasis on the availability of the Reserve incentive programs for physicians and nurses who were qualified, or in training, in one of the critically short wartime specialties.

As a result of that particular effort, the University of Medicine and Dentistry of New Jersey (the Robert Wood Johnson Medical Center) has initiated action to establish a medical Reserve unit at the school. Additionally, the interest of area health professionals in Reserve service was raised to the extent that the Navy is now receiving sufficient applications to begin the staffing of a new 500 bed Reserve fleet hospital. Several articles on Reserve opportunities have also been written for civilian and military publications.

The professional medical associations believe that a significant number of physicians and nurses will join a Reserve component if the time required for training is minimal. My office has explored this need in the context of the Individual Ready Reserve, and the Air Force is conducting a test program during FY 1989 and FY 1990 to test a type of reduced participation option. Under such an option, a Reservist-physician/nurse would receive five days of annual indoctrination, medical readiness training, contingency hospital familiarization, and a tour of Active component facilities. The Air Force is also exploring the possibility of recruiting surgical teams. This concept is similar to the very successful civilian hospital unit concept which was used during World War I and World War II. We are continuing our vigorous efforts to explore these and any other programs which may provide a readily accessible pool of qualified medical professionals to meet wartime requirements.

My office has developed a computer-based system to assist in the evaluation of the resource levels of Reserve component units. The system has contributed substantially to our ability to identify, track, and pursue solutions to Reserve component medical readiness problems. The Reserve Medical Management Information System (REMMIS) permits us to compare current wartime and peacetime medical personnel authorizations with actual manning levels for Reserve component medical units. We can also use REMMIS to analyze skill specialties, specialty matches, attributes of skill levels, and shortages/overages against peacetime and wartime authorizations. This data base is now complete for the Army Reserve, Army National Guard, and Air Reserve forces. The Naval Reserve data is under development. With this information stored and retrievable from REMMIS, we will have the ability to address personnel specialty shortages by a more effective targeting of recruiting activities.

My office has also initiated a specific study of the nurse shortage problem. We hope to identify to what extent this shortage is related to retention problems. The study will analyze Reserve nurse accession and retention trends, and will also identify the demographic and socioeconomic characteristics of Reserve nurses. There have been several retention surveys made to identify the reasons that people remain in or leave military service. This is the first time, however, that actual patterns and trends have been analyzed to develop an action plan to increase our retention of nurses. The action plan will include specific strategies and programs for recruiting and retaining nurses with critical skills, necessary legislative initiatives, and implementation guidelines for the Services.

Included in the FY 1990-1991 budget are funds for medical incentives; 2,860 Selected Reserve medical billets; funds to train medical personnel serving a stipend obligation in the Individual Ready Reserve; and 145 full-time support personnel to serve as medical recruiters. The funds programmed are $22 million in FY 90 and $42 million in FY 91.

The FY 1990-1991 budget contains the minimum essential resources we need to fund the incentive programs and previous Congressional authorities, in order to reduce critical shortages in the wartime medical specialties.

Selected Reserve Retention

As I observed earlier, annual Selected Reserve enlisted accessions decreased nearly 2.0 percent between 1980 and 1989, while enlisted end-year strength increased 34 percent. The growth in end strength is due to increased retention.

Reenlistment bonuses are paid to Reservists serving in designated critical military skills or units. Members are authorized to receive up to $2,500 for a three-year reenlistment and up to $5,000 for a new six-year term. In keeping with the guidance contained in the FY 1986 Defense Authorization Act to phase-in implementation of the maximum bonus amounts, bonus payments are currently limited to $1,500 and $3,000 for three and six-year reenlistments, respectively. These bonuses are also authorized for prior Active Force members who join the Selected Reserve to serve in critical military skills.

Table 15 shows total reenlistment bonus authority for FY 1988 through FY 1991.

TABLE 15

Selected Reserve Reenlistment Bonus Authority
(Current $ in Millions)
(Includes New and Anniversary Payments)

	Actual FY 1988	Estimated FY 1989	Budget FY 1990	Budget FY 1991
Reenlistment Bonuses	24.2	30.4	32.2	34.8

One measure of the importance of the reenlistment bonus is the current enlisted retention rate, particularly for those personnel completing their first term. Throughout the 1980's, the Reserve components have met or exceeded their annual first-term reenlistment objectives. That objective has increased from 50 percent in 1980, to 60 percent in 1988. The objective was raised to 65 percent for 1989 to accommodate increases in Reserve force structure and to reduce Reserve wartime personnel shortfalls. Table 16 shows the retention rate by Reserve component for first-term enlistees.

TABLE 16

Reserve Enlisted Retention Rates
First-Term Enlistees

Reserve Component	Percent FY 1986	Percent FY 1987	Percent FY 1988
Army National Guard	83	80	76
Army Reserve	66	65	60
Naval Reserve	89	82	80
Marine Corps Reserve	71	75	77
Air National Guard	90	82	78
Air Force Reserve	81	81	87

Equal Opportunity Actions

The Reserve components have been a full partner in Department of Defense initiatives relating to Equal Opportunity. The Assistant Secretary of Defense for Reserve Affairs personally participates or is fully represented on both the Defense Equal Opportunity Council (DEOC) (and on the working groups and subcommittees within the Council) and the Defense Advisory Committee on Women in the Services (DACOWITS). A DoD Instruction was published last year which established new Affirmative Action planning and reporting guidelines requiring the Reserve compo-nents to collect and analyze the same data as the Active components. The Office of Reserve Affairs participated in the development of this instruction and will continue to participate in the analysis of Affirmative Action plan goals and achieve-ments.

The overall racial and ethnic composition of the Reserve forces generally parallels the Active forces; although, there are many regional differences based on the available manpower pool in specific geographic locations. Representatives of the Office of Reserve Affairs will continue to ensure that the Reserve components remain full participants in this important work.

Since 1981, the number of women serving in the Selected Reserve has increased 75 percent. The number of women in the Individual Ready Reserve and the Inactive National Guard has grown 198 percent during the same period. For FY 1988, women in the Selected Reserve constituted 11.9 percent of the end-year strength of Reserve components. This was an increase over the FY 1987 ratio of 11.4 percent, and reflects the eighth consecutive year of growth. Furthermore, 13.5 percent of the Individual Ready Reserve are women. As I anticipated in my testimony last year, several Readiness Region and Reserve Center command billets have also been recently opened to women.

Family Policy Initiatives

The analysis of the Reservist and spouse portions of the Reserve component surveys which were released in 1988 corroborated our working assumptions that the presence or absence of family support is a very significant factor in the retention of Reservists and, therefore, in the readiness of our Reserve forces. Consequently, we are continuing our development of programs which include and directly support the families of National Guardsmen and Reservists.

Although the Total Force Policy has resulted in a much greater reliance on our Reserve forces, the fact remains that most of the families of Reservists think of themselves purely as part of a civilian environment and not as part of the active military service. Spouses feel that they are not part of the "Reserve family" and the evidence indicates that they are seldom included in Reserve activities or informed of the importance of the service being performed by their family member.

The surveys confirmed that Reserve families need and desire more information concerning benefits, the role of the National Guard and Reserve forces, mobilization preparation, and the mission of the units in which their family member is serving. In 1988, I prepared an open letter to the spouses of all Reservists informing them that we are aware of their needs and concerns. That message was distributed to each of the Reserve components, and it has been published widely. In addresses to audiences such as the spouses' luncheon at the annual conference of the National Guard Association last September in San Antonio, Texas, I have also assured our Reserve families that we are aware of their concerns and that efforts are being made to improve the communications with spouses and to incorporate them into Reserve programs. The January 1988 Secretary of Defense Family Policy Memorandum and the recently completed Department of Defense Family Policy Directive, direct the Reserve components to provide information to Reserve families on the subjects about which spouses have expressed concern.

I am also pleased to report that year-around access to Military Commissaries by Selected Reservists and their families has now been implemented. Previously, Selected Reservists were entitled to access to commissaries only during their annual training periods, which often precluded their opportunity to take advantage of this benefit. With year-round access, individual benefits are retained without affecting unit training time. Some administrative delays have occurred during the process of certifying benefit eligibility, but we believe that the issuance of centrally-prepared ration cards to all Selected Reservists will minimize the administrative burden on Reserve units.

The DoD Reserve Family Member Identification Card program will be implemented by September 1989. The new ID card will replace the currently issued Service-specific optional Reserve Dependent ID card. The issuance of the card is an integral part of the DEERS pre-enrollment process (discussed below). The DoD Family Member ID card will provide a better means to ensure that only bonafide dependents of Reservists have access to and utilize commissary and exchange privileges which have been earned by the Reservist through satisfactory performance. The identification card will also enhance the security of military installations by providing an officially recognized document that will verify an individual's relationship to a Reserve sponsor and an official military document that can be confiscated if necessary.

We will continue to consider National Guard members and their families in all quality of life issues. Clearly, the retention and readiness of our Reserve Forces can be greatly affected by our efforts in this important policy area.

Defense Enrollment Eligibility Reporting System (DEERS) Pre-Enrollment Program

The Defense Enrollment Eligibility Reporting System (DEERS) was established for the purpose of providing both the Department of Defense and Congress with a single source of benefits/entitlement verification and demographic information on the Uniformed Services beneficiary population. As I noted last year, the DEERS supports Reservists in several ways, e.g., by facilitating the confirmation of eligibility for benefits of Reservists on active duty and the reporting of HIV test results, through dental panograph x-ray casualty identification, and through the pre-enrollment of Reservists and their dependents prior to mobilization for the purpose of ensuring a prompt verification of eligibility for benefits once mobilization takes place.

The inclusion of the National Guard and Reserve forces in the DEERS data base was supported by the House Appropriations Committee in 1982 for early deploying units and again in 1985 for all members of the National Guard and Reserve. We reported to Congress in July 1986 on the interim success of the program and the redesign of the program into three phases: Phase I, High Priority Units of the 200,000 call-up; Phase II, remaining Selected Reserve; Phase III, all Individual Ready Reserves. By the end of Phase I, over 215,000 sponsors and 209,000 dependents were pre-enrolled. In October, 1988 the Department of Defense DEERS/RAPIDS Steering Group approved the movement of the enrollment program into Phase II. We have completed an economic analysis that determined the cost to the Reserve components and provided a general plan of action for implementation of Phase II during FY 1990. We have total support of the program from the Reserve components. It is anticipated that Phase II will add approximately 821,208 sponsors and 1,197,800 dependents into the DEERS data base. The total population of Phase I and Phase II will be 1,028,020 sponsors and 1,320,000 dependents.

Real Time Automated Personnel Identification System

In recent years, the Congress and the General Accounting Office have expressed concern over fraud, waste, and abuse in the delivery of benefits/entitlements to military sponsors and their dependents. The Real Time Automated Personnel Identification System (RAPIDS), was established to streamline the process of issuing identification cards, and to improve the timeliness of the updates of the DEERS data base for the confirmation of eligibility for benefits. The Reserve components have utilized, to the extent possible, RAPIDS Phase I to update the enrollment data. RAPIDS Phase I utilizes microcomputers linked directly into the DEERS data base for data update and the issuance of ID cards. We are preparing to participate in RAPIDS Phase II which will produce machine readable identification cards which will replace the currently issued paper laminated identification card. The new card will afford the Reserve components the use of one multipurpose card to perform functions currently performed by several Service-specific cards. The new card will also reduce unit administrative work since only one multipurpose card will be issued, rather than several single purpose cards. We plan to test the new card in specific Selected Reserve units in FY 1991, and I anticipate full implementation during FY 1992.

Legislative Initiatives from Sixth Quadrennial Review of Military Compensation

The Sixth Quadrennial Review of Military Compensation, which dealt exclusively with Reserve compensation, completed its review and issued its report last August. Many of its recommendations have been included in the amended FY 1990/1991 budget.

Because it was the first review of Reserve compensation issues in the context of the Total Force, we were not surprised to find more than seventy-five separate recommendations in the 2700 page final report. Perhaps the most discussed recommendation concerns the establishment of a two-tier early annuity retirement option to better manage our career part-time force. The report is now being coordinated with other interested agencies.

Reserve Officer Personnel Management Act (ROPMA)

During the 100th Congress we submitted a legislative initiative entitled the "Reserve Officer Personnel Management Act" (ROPMA). A hearing on the proposed ROPMA was held last July by the Subcommittee on Military Personnel and Compensation of the House Armed Services Committee. No further action was taken during that session. The legislation we have proposed would provide a uniform, and improved officer personnel management system for Reserve officers. It would ensure that the management of Reserve officers is equitable, cost-effective, and that it contributes to the readiness of the Reserve forces. The proposal has been developed to closely parallel the provisions of the Defense Officer Personnel Management Act, which was enacted in 1980 for the improved management of Active force officers.

This legislation would revise the laws governing Reserve appointments, promotions, separations, and transfers to the Retired Reserve. It would stimulate the long-range planning which is necessary to provide Reserve officers with attractive and meaningful careers. It is clear that we need to attract and retain officers of the proper age and grade who possess the skills and experience needed by the Reserve components. ROPMA was again introduced in the 101st Congress as HE 2200. I encourage you to act on this important management proposal as quickly as possible.

EMPLOYER SUPPORT PROGRAM

The work of the National Committee for Employer Support of the Guard and Reserve (NCESGR) is becoming increasingly important, and it has been the focus of a great deal of my personal attention since I assumed office. Grass roots organizations of volunteer business, labor, civic, and local military leaders are being developed in all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and the Commonwealth of the Northern Mariana Islands. The current number of volunteers is approximately 3,800.

Employer pressures on National Guardsmen and Reservists are common and becoming more severe. No other Reserve system in the world requires as much training time for its members as does ours. As Guardsmen and Reservists are asked to assume even greater responsibilities under the Total Force Policy, the periods of absence from the work place increase, as do employment pressures. We anticipate that during the current year, approximately one-third of the National Guardsmen and Reservists who leave the Selected Reserve before completing their first five years of Reserve service will leave because of employment pressures. The substantial costs of training replacements make it essential that we relieve those pressures. Several steps have recently been taken to that end.

The volunteer National Chairman of NCESGR was very successful in his first full year in reaching out to business and corporate leaders on behalf of the National Employer support program. In 1988 we hosted regional conferences in Detroit, Nashville, and San Francisco for volunteer business leaders who are involved in the Employer Support effort. Some 62 "Bosslifts" were also conducted by NCESGR last year. Each bosslift provided an opportunity for 40 employers to receive briefings from Department of Defense agencies on National Guard and Reserve responsibilities under the Total Force Policy and to observe Reserve training at such locations as the National Training Center, California; Nellis Air Force Base, Nevada; and Fort Carson, Colorado.

NCESGR's Ombudsman operation continues to serve as an important clearing house for the receipt and informal mediation of complaints, for guidance, and for the resolution of disputes with employers and managers. This effort is coordinated closely with the Department of Labor, through a mutually supportive working relationship at all levels. In 1988, NCESGR's national ombudsman staff acted on more than 6,194 inquiries/complaints. Additional Reservist employment problems were handled locally by state committee ombudsmen.

Two of our most important employer support initiatives are still being developed. The Advertising Council has produced two of a planned three employer support (television) spots and the first will be aired nationally in the very near future. Our nationwide public service advertising campaign will be continued in FY 1990.

The second initiative has a much longer history. Since 1984, the Defense and Labor Departments have been working together on the development of a legislative proposal for the consolidation and modernization of the several provisions of Title 38, United States Code, which govern the re-employment rights of veterans and Reservists. This interagency effort, which includes incorporation of a considerable body of case law, will update the entire spectrum of the law involving Reservists and it will establish standards within the law to ensure equal protection for employees of Federal, State and local governments, and the private sector.

COAST GUARD RESERVE

The Coast Guard Reserve is not, of course, managed by the

Department of Defense in peacetime, but its role in Strategic Deployment is vitally important to our national security. The security of U.S. seaports of embarkation is the primary mobilization mission of the Coast Guard Reserve. The vast majority of the Coast Guard's port security capability resides in the Reserve component which is charged with the responsibility of ensuring that mobilized forces and war materials deploy safely through our ports and coastal regions. The significant port security manpower shortfalls of the Coast Guard Reserve, however, pose a serious threat to the strategic mobility forces of the United States.

At the request of the Congress, the Secretary of Transportation recently prepared a plan for the Coast Guard Reserve to achieve 95 percent of its wartime mobilization requirements for Selected Reserve strength, recruiting and training resources, and equipment and logistic support. The President's Budget requests an increase in the authorized strength of the Coast Guard Selected Reserve which will serve as a first step to resolve this shortfall over the ten year horizon as stipulated in the plan. I urge you to support the Administration's proposal to meet the Coast Guard Reserve's budgetary requirements.

RESERVE COMPONENT DRUG INTERDICTION ACTIVITIES

Normally, the Reserve components provide support to drug interdiction operations that is limited by the provisions of the Posse Comitatus Act of 1878 and performed incidental to training for wartime missions. Support has been in the form of equipment loan, specialized training, and the sharing of information developed during flights or other training activities.

The FY 1989 Defense Authorization and Appropriations Acts provide for an enhanced drug interdiction, eradication, and enforcement role for the National Guard. Not less than $40,000,000 has been set aside to support plans submitted by the governors of the states for approval by the Secretary of Defense after consultation with the Attorney General. The service relating to drug interdiction is performed in addition to required annual training, so that the readiness of the National Guard will not be degraded. When performing these additional duties, the Guardsmen are not in federal service, but rather under the command and control of state authorities, (i.e., on state active duty under Title 32 of the U.S. Code), so there is no posse comitatus restriction.

The National Guard is providing significant support to the drug enforcement agencies, including the use of helicopters to transport law enforcement personnel and confiscated illegal drugs; the use of Military Police to search commercial cargo at ports and land border entry points; the use of special operations forces to identify ground and air traffic; the training of law enforcement agencies on equipment loaned for drug interdiction purposes; the use of aircraft photo reconnaissance capabilities; the use of radar to monitor air traffic. To date, fifty-four plans have been received by the Department. The plans of forty-nine states and territories have been reviewed, approved, and are now being implemented.

The contribution of the Reserve components to the crusade against illicit drugs has been, and will continue to be substantial.

FORCE MIX AND THE INCREASING IMPORTANCE OF RESERVE FORCES

The military services rely on the Selected Reserve to various degrees to augment their personnel strength, to perform peacetime operational missions, and to be prepared to perform wartime missions or missions in contingency situations short of war. Fiscal constraints and the related decision to restrain Army Active component end strength, for example, have led to a greater reliance on the Reserve components to bring Active Army divisions to their authorized levels of combat, combat support and combat service support in wartime. The number of Active divisions requiring Reserve augmentation has increased from four in FY 1980, to nine today.

As you know, a great deal of recent public debate has taken place on the general subject of the balance between Active and Reserve forces in all of the Services. As that debate progresses within the Government, it is important to avoid broad generalities and to focus the discussion on specific missions and the capability of specific units and forces, whether Active units or Reserve units, to perform particular missions. This approach is the approach which is followed by the Department of Defense in the planning, programming, and budgeting process. The Secretary of Defense's Defense Guidance includes specific sections on Total Force manpower policy and force readiness and sustainability. The Department's Program, Budget, and Execution Reviews all provide forums for the analysis of issues affecting both the Active and the Reserve forces. During the last year, the Defense Resources Board has considered a wide range of issues involving the mobilization training base, Army combat and combat service support structure, Reserve military construction, Reserve component manning, medical manpower, Navy antii-submarine warfare forces, and numerous Air Force Active-to-Reserve transfer issues.

The purpose of the Total Force Policy of the Department of Defense is, of course, to achieve a fully integrated total Force of Active and Reserve components which work together to carry out national security objectives. As the policy has developed since the mid-1970s, National Guard and Reserve forces have assumed significantly expanded peacetime operational responsibilities, and greater wartime missions.

Reserve forces do, however, face significant challenges due in great part to the rapidity with which changes in the implementation of the Total Force Policy have taken place in recent years, insufficient resourcing, and the fact that Reservists are part-time soldiers, sailors, airmen and marines. Those challenges make questions of proper force mix more complex than they appear at first glance.

Whether a particular mission should be assigned to Active forces or to Reserve forces depends upon the nature of the mission and the specific units to which the mission would be assigned. Any analysis of Active/Reserve force mix must inevitably address a wide variety of factors, such as: the comparative cost of Active/Reserve forces; the availability of sufficient modern equipment appropriate to the mission; the availability of sufficient numbers of personnel who are fully trained in the particular military skills required for the mission; whether there is an adequate CONUS sustaining base ensure equitable overseas tours for Active forces; alliance commitments; the urgency with which the particular mission must be performed and the likelihood of its occurring in contingency situations short of mobilization; the effects of a particular change in force mix on recruiting and retention; the initial costs of converting from Active to Reserve units; and other, similar factors.

In many cases, particular Reserve units can be assigned much greater responsibilities or particular missions can be shifted from an Active component to a Reserve component. Some Reserve units, however, are incapable of assuming greater responsibility and some missions are inappropriate for Reserve forces. The goal is obviously to obtain a force mix balance which produces the required level of capability at the least possible cost and which gives the President and the Secretary of Defense maximum flexibility to meet national security objectives.

In the FY 1990-94 Program Adjustment which was just completed, Secretary Cheney ordered a shift of 24 (FF-1052 class) Frigates to the Naval Reserve Force by FY 1993, a restructuring of Naval air anti-submarine war assets -- including those in the Reserve forces -- and a study to develop "alternative, innovative Reserve manning policies" to facilitate the transfer of the surface ships to the Naval Reserve Force. The current program also includes the transfer of aerial refueling and airlift aircraft to the Air Force Reserve components. The Army will deactivate one brigade of the Fourth Infantry Division in FY 1990, replacing that capability with an existing "roundout" Reserve component brigade. Several other force mix options were considered, but rejected for the time being. Some of those options may be considered again in the future after the President's national strategy review is completed.

As I stated at the May 16, 1989 Joint Hearing, among the many other relevant factors, the Department does consider ways in which Reserve units could be substituted for forward-deployed Active units. Forward-deployment has been a keystone of U.S. military strategy during the post-World War II era and, as you know, forward-basing is an essential element of our national security strategy. In the case of Europe, for example, forward-deployed force demonstrates the continuing commitment of the United States to the defense of our allies, it makes clear the strong coupling between the United States and NATO, and it enhances Alliance cohesion and solidarity. Changes in forward deployments anywhere must be carefully considered. Such issues are currently being addressed in the President's comprehensive national strategy review. While there may be future opportunities to modify our present deployment strategy, it is important that we not act precipitously or allow budget pressures to force unilateral changes in our deployments that would affect our security interests adversely. If decisions are made in the future to alter our overseas presence in a particular area, it will then be appropriate to consider additional force mix changes.

In a time of constrained budgets and broad commitments, innovation is necessary as we seek ways to improve the Active/Reserve force mix. In February, I visited an excellent example of such innovation in the form of the Army's Aviation Classification Repair Activity Depot (AVCRAD) in Brussels. Reserve units are rotated through this cadre organization during scheduled annual training periods. Superb training is received and the maintenance backlog of Active component aviation equipment is reduced. A similar idea will be implemented this spring when the first of six heavy equipment maintenance companies from the Reserve components will deploy to West Germany for three weeks of training overhauling vehicles at Rhine Ordnance Barracks.

The current force mix decision-making process within DoD is reasonably good, but we recognize the need to develop more explicit policy guidance to the military services to ensure consideration of such uniform criteria, as comparative costs, military capability, training requirements, etc. Each Service presently uses its own criteria and procedures for determining force mix. The current process begins with promulgation of the Defense Guidance to the CINCs and the Services informing them of the broad military capability requirements that must be met. Within the parameters of the Defense Guidance, the CINCs define the precise military forces which they require to execute operation plans for which they are responsible. The CINCs' requirements are given to the individual Services who develop force structure recommendations to meet the requirements and to conform to the Defense Guidance. The Services' force structure proposals include recommendations on the appropriate balance between Active and Reserve forces which are included in the respective Program Objective Memorandum (POM) submitted by the Services. Each Service's POM is then reviewed through the Department's Defense Resources Board adjudication process, a procedure in which the

Services, the Joint Staff, the Office of the Secretary of Defense and the CINCs actively participate. The ultimate decisions are made by the Secretary of Defense.

A working group within the Office of the Secretary of Defense is currently engaged in an effort to improve the force-mix policy process within the Department by defining more clearly the criteria and methodologies to be used by the Services in developing force mix recommendations to the Secretary of Defense. Several options are being examined. A private contractor has also been asked to identify key principles for the most cost-effective Total Force planning and to assist us in the development of tools to support Total Force Policy implementation.

CONCLUSION

The Department of Defense has completed a budget review designed to reduce the last budget submitted by President Reagan by $10 Billion in FY 1990 and $9.9 Billion in FY 1991. Secretary Cheney has already described the dramatic impact the reductions will have on the Department of Defense. Most of the reductions are in Procurement and RDT&E (a total $6.9B in FY 1990 and $6.5 in FY 1991), and they will have an indirect, long-term effect on Reserve components. As you know, the Reserve components do not have dedicated funds in those accounts. Rather they depend upon the overall military Service budgets to keep their forces modernized.

The remaining reductions of $3.1 Billion in FY 1990 and $3.5 Billion in FY 1991 are primarily in the current operating appropriations (Military Personnel and Operations and Maintenance). The Reserve components did receive some reductions in their current operating appropriations. There are no reductions in Reserve component operational levels, such as flying hours, steaming hours, and tank miles. Reserve components received reductions in levels of training ($55M in FY 1990 and $65M in FY 1991), real property maintenance ($17M in FY 1990 and $19M in FY 1991), and force structure changes ($4M in FY 1990 and an increase of $8M in FY 1991). Table 19 summarizes adjustments to Reserve components during the just concluded budget reduction process.

TABLE 19

Reserve Components
Summary Of Adjustments
Budget Reduction Process-April 1989
($In Millions)

	FY 1990	FY 1991
Army National Guard		
Mil Pers	- 31.0	- 37.0
O&M	- 3.0	- 8.0
Mil Con	- 11.0	- 19.0
Totals	- 45.0	- 64.0
Army Reserve		
Mil Pers	- 18.1	- 24.5
O&M	- 5.2	- 5.0
Mil Con	0.0	0.0
Totals	- 23.3	- 29.5
Navy Reserve		
Mil Pers	+ 5.5	+ 23.0
O&M	- 4.4	+ 2.9
Mil Con	0.0	0.0
Totals	+ 1.1	+ 25.9
Marine Corps Reserve		
Mil Pers	0.0	0.0
O&M	0.0	0.0
Totals	0.0	0.0
Air National Guard		
Mil Pers	- .3	- .5
O&M	- 14.6	- 24.2
Mil Con	0.0	0.0
Totals	- 14.9	- 24.7
Air Force Reserve		
Mil Pers	+ 0.2	- 0.7
O&M	- 2.8	- 1.8
Mil Con	0.0	0.0
Totals	- 2.6	- 2.5
Totals for All Reserve Components		
Mil Pers	- 43.7	- 39.7
O&M	- 30.0	- 36.1
Mil Con	- 11.0	- 19.0
Totals	- 84.7	- 94.8

Table 20 gives the amended budget requests by Reserve components.

TABLE 20

Reserve Component Amended Budget Requests
($ In Millions)

	FY 1988 Actuals	FY 1989 Est. Actuals	FY 1990 Request	FY 1991 Request
Army National Guard				
Mil Pers	3,214.0	3,299.1	3,241.7	3,384.0
O&M	1,860.0	1,854.1	1,870.2	1,896.5
Mil Con	184.0	229.2	114.0	119.5
Totals	5,258.0	5,382.4	5,230.9	5,400.0
Army Reserve				
Mil Pers	2,222.9	2,211.8	2,243.3	2,253.7
O&M	859.4	834.6	861.9	902.6
Mil Con	95.0	86.0	77.0	62.0
Totals	3,177.3	3,132.4	3,182.2	3,218.3
Navy Reserve				
Mil Pers	1,509.2	1,590.3	1,588.6	1,672.9
O&M	924.4	978.3	980.0	1,017.0
Mil Con	73.7	60.9	50.9	53.3
Totals	2,507.3	2,629.5	2,619.5	2,743.2
Marine Corps Reserve				
Mil Pers	294.2	315.1	319.2	337.7
O&M	68.8	77.6	77.4	79.4
Totals	363.0	392.7	396.6	417.1
Air National Guard				
Mil Pers	987.7	1,032.3	1,046.7	1,087.4
O&M	1,957.7	2,020.6	2,041.2	2,160.7
Mil Con	151.3	158.5	164.6	107.2
Totals	3,096.7	3,211.4	3,252.5	3,355.3
Air Force Reserve				
Mil Pers	615.0	654.4	668.9	695.6
O&M	999.7	1,073.5	1,004.6	1,041.3
Mil Con	79.3	70.6	46.2	38.5
Totals	1,694.0	1,798.5	1,719.7	1,775.4
Total For All Reserve Components				
Mil Pers	8,843.0	9,103.0	9,113.4	9,432.3
O&M	6,670.0	6,838.7	6,835.3	7,097.5
Milp Con	583.3	605.2	452.7	380.5
Totals	16,096.3	16,546.9	16,401.4	16,909.3

The world is changing. Recent developments have encouraged our hopes for a prolonged period of peace. President George Washington reminded our fathers on several occasions, however, that there is nothing so likely to produce peace as to be well prepared to meet an enemy.

In the last eight years, major gains have been achieved in the capability and readiness of our Reserve forces. Much, however, remains to be done. I solicit your continued, active support to ensure that we have the resources which are necessary to field Reserve forces that are well trained, well-equipped, and ready.

Mr. Chairman, this completes my statement. Thank you for the privilege of appearing before this committee.

Senator EXON. Do any of the uniformed officers have anything to say about that?

General TEMPLE. Perhaps dealing with your first and second question, there is a way to tie them together.

Looking at the first question where you talked about the availability of resources, what we have said had to do, obviously, given the limited resources available, particularly in the Army National Guard, for the major combat organizations which are, for want of a better term, late deployers in the Army's schema, what we had to do was to manage the resources that are available and push them forward into those units that are going to be fighting very early in the conflict. And we think we have done that with great success and I think General Burdick will be able to detail for you some precise capabilities, as well as readiness levels within the Army Guard. But we had to push all that equipment forward.

And now the question about training the soldiers. Though we pushed equipment forward into the early deploying units and we put more resources to include money and training there to assure the CINC, when he receives that force, it can achieve its mission, we also have an obligation for the soldier at the very end of the pipeline, who may be deploying even after 60 days. Principally, those are heavy combat organizations.

Now, there will be no unit in the U.S. Army deployed in Europe that is engaged in combat after 72 hours that will be C-3 and above. It will be somewhere between C-3 and C-100, if the major conflict is as everyone suspects and hypothesizes. So the issue is what are the deployed units going to look like after a few days in combat. Obviously, they are going to be living off the replacement system.

Where does the replacement system come from? It comes from the Army National Guard principally, and perhaps out of the IRR if they have trained infantrymen and armor and artillery people.

So what you are having are regular units, which Senator Glenn has referred to earlier, who are deployed in Europe, but after the first few days of combat are fighting with the replacement system, which are coming from the end of our organizational structure. I will be having soldiers in the Army National Guard coming back in body bags before the early deployers ever leave the United States. So it is essential that we continue to train the National Guardsmen at the end of the deploying pipeline, as well as those at the first.

In answer to your question, yes, there has been a decrement in the ability to do that, because though I may not be able to provide M-1 tanks, the most modern artillery pieces, or the most modern communication equipment to them, we do have a moral responsibility to train them, because neither you, nor I, nor anyone I know can at this point predict when they are going to be engaged in combat. And if previous conflicts are any indication of the conflicts of the future, the fellows at the end of the line may very well be fighting before those in the front of the line.

Now, Senator Glenn raised the issue of doctors. You know, we all are making progress with medical corps personnel; and again, General Burdick will talk to you about the success of the Army National Guard's acquisition of doctors. But it not satisfactory, and it will not be in the short run; it will not be until you do something to change the environment to cause more doctors to either want to serve or to have to serve.

Now, we are training the units regardless if we have doctors or not to meet all of our demands. And I give you my personal assurance that our medical units in the Army National Guard as well as the Air National Guard have been trained. We have been training in over 54 countries around the world, and those environments, which test their capability; and the units, whether they have doctors with them or not, are capable of performing their missions.

Now, I will put it onto your plate, gentlemen, that if we are going to get doctors to meet our demands, you are going to have to make them available to us, because I am just not convinced that using the systems we have today we will ever achieve what you have asked us to achieve.

Senator GLENN. Will you yield on that?

Senator EXON. Sure.

Senator GLENN. General, I mentioned the doctors and I am trying to support all of you here; although I might sound very critical, but I am trying to support all of you. I have talked about the doctors for 3 years and asked for suggestions as to what we should do. You are the people running it over there, the manpower people are. And we could not get any suggestions. I finally wrote it into the law, that said you had to make a report to us by last December 1.

PILOT SHORTAGE

Now, there were two things. One was the pilot shortage. We knew it was a big problem and getting worse. The Navy is 1,500 pilots short right now. We knew this was a big problem but they did an excellent study for us over there. Although they did not come to many conclusions or make recommendations like we wanted them to do. But we took that excellent study and we did something with it. We now have provisions in legislation to help out on the pilot situation.

The medical situation is basically assigned to the Reserves. They sent over to us a report that was not that good. It was all information we pretty much already had and made very few suggestions on it.

We have taken that report and we are working on it now, or at least trying to. But we could not even get a report on what the recommendations were for the first 3 years even though we kept asking every time we had a hearing like this to do something about it, tell us what you want, tell us what you need, you are the experts. And we could not get it until I wrote it into the legislation that there would be a study in by last December 1.

So you tossed it back on us. I am tossing it back on you. I have tried very hard to get the information to do something on this. I am trying to work together with you and yet, it is like pulling teeth. We cannot seem to get the cooperation we need. And then, the Reserve Policy Board comes in, tells us 45 percent not combat ready. I bring it out. You take exception to it.

Well, what is wrong over there, Mr. Secretary, that we cannot get this straight. We either have a rating system that is fouled up, or we need more resourcing, and yet we do not see the budget coming over here to support where the resourcing is needed. We have supported everything trying to make the Total Force Policy work, and if it is not working, then we have to change it some way.

Maybe another way to do this is to say, part of the Reserves should be ready, I mean that when the war goes, well then half the Reserve is ready to move.

And as soon as the airplane shows up at the local airport to pick them up, they are gone. And their equipment is there; they are just as ready as Regular units over there. When they arrive, they can move into the line. That is it.

Now, we do not have a system like that. We say the whole Reserve is treated one way. Now, maybe we need to say one-third of the Reserve is on that basis. One-third of the Reserve comes in in 6 weeks, one-third of the Reserve comes in in 3 months. And we rate them then, and then we say we are either short or not.

But we, at this side of the avenue, do not have a real good feel for what we are capable of doing in combat, and every rating system that you people have set up over there tells us we are not ready. We could not do a war in Europe.

The CINCs tell us this when we talk to them. And you meet in war games with the CINCs, and they tell us this. And you get to a point in the war games—no, you cannot rely on that group being there, because they only have a certain percent ready.

Maybe we need to break this whole thing down differently and go to a different system. And that would be a change in the Total Force Policy also.

General TEMPLE. What you suggest is perfectly doable.

Senator GLENN. Well, that is why I said it.

General TEMPLE. And there is absolutely no reason in the world why it cannot be achieved. And we are prepared to do that, particularly with the air deploying force, and essentially related to the availability of resources in order for the units to depart.

The CINCs will tell you, the question is not always the readiness of the units. It is the ability to get them there.

Senator GLENN. That is right.

General TEMPLE. I mean, I can take a division and I cannot name it publicly—that division is ready to go today. All you have got to do is get them mobilized, but you cannot get them there, Senator.

Mr. DUNCAN. Well, could I respond too, Senator? This question of medical shortfall in the case of physicians and nurses also is misunderstood.

I think the gentlemen sitting at this table have done a very good job in the last 3 years with respect to the shortfalls in the Selected

Reserve. But we all understand that we cannot meet our wartime requirements just by having 100 percent fill in the Selected Reserve.

Obviously, there are not enough pay billets and drilling billets for physicians in the Selected Reserve to meet our best judgment as to what would be the requirements for the casualties we could expect in various conflicts of various magnitude.

The trend line has been very positive in the last 3 years in filling the Selected Reserve slots. But, obviously, depending upon your point of departure, whether it is the 7,000 shortage of physicians that we used to talk about, or our best judgment based on the work that we are doing right now, we are short. And those people are going to have to go into the IRR.

What the General was simply saying is that it is not a simple matter to get these people into the Armed Forces. If good efforts and good attitude were directly related to success, we would already have seen those shortages disappear.

We are trying everything we reasonably can. Have we got the problem solved? No. But, again, the trend line is up. It is as difficult to bring physicians and nurses into the Reserve forces, as it is to bring them into the Active forces and to retain them there. We are exploring everything from flexible training to financial incentives.

I have also just asked the RFPM to address non-resource related solutions. What can we do that does not cost money in the way of training, or anything else to bring physicians and nurses into the IRR, as well as into the Selected Reserve?

Now, we are working on that. We do not have all the answers yet. But I guarantee you, and I personally represent to you, that we are exploring every avenue to try to solve the problem, and to try to do it within the budget that we have been given.

General WARD. Senator, could I comment? Your observation on the stratification of readiness in units that are early deploying is a very good one. The number is about 85 percent most qualified. We have about 40 percent of the force that is not combat ready—C-3 and above.

Today about 40 percent of the Reserve now, is not combat ready, but that number is changing in the positive all the time, so that by the 1990s, 90 percent of the units will have 90 percent of their equipment. And the rest of it is moving at 85 percent MOS qualification, so we have respectable kinds of numbers.

The issue on where you allocate the resources has been driven very much in the Department of Army through Forces Command to put in the resources in the first to employ.

Now, there are some complications to that. Many of our medical units, for example, with DEPMEDS equipment—the one thing that restrains them more than anything else, currently, is the shortage of 5-ton trucks. Thanks to dedicated procurement, we have bought those. We do not have them yet, and they will not show up in a C rating until 1990 or 1991 in any significant numbers.

But the Army does manage to that criteria. So the very early deploying units—many of our FAD, most of our FAD teams get intensive management through Forces Command. And, indeed, the Secretary of the Army, monthly, has a session in which he looks at, not only the Active units, but Reserve units, and finds out what has to be done to fix them.

We have a significant amount of turbulence that impacts this. When any one of the warfighting CINCs changes his war plans, he changes the stratification of who does what and when. And, frequently, that means moving resources from an old plan to a new plan.

But I can tell you that that is the only way we will attain the kind of requirement that we need.

Many of our early deploying units get resourced, and must get resourced in full-time manning, for example, up at the 15 percent to 20 percent level. Our full-time support average in the Army Reserve still hangs at 8 percent. Congress' own target is 14 percent.

My good friends in the Guard have around 12 percent, and the people in the air arms should be and are around 25, 30 percent larger numbers.

But a 6 to 8 percent manning in an early deploying unit simply does not give them the opportunity to do all the things in training and equipment readiness that they require. And we are working on those. We hope to see them in the budgets that we submit.

Obviously—we have outlined what the requirements are, but your observations on that are very, very sanguine ones and they are ones that are being followed now.

And as I say, every month the Chief of Staff, Army, has a session that lasts about 1½ hours examining the readiness of each major unit, sometimes even down to insignificant-sized, but crucial units—some of which are in the Army Reserve.

Senator GLENN. I have been in the highest level war games that we have in this country and I know what happens when you get the attack on and you have people coming in, and where is it coming from, and what happens. And I can tell you what happens in some of these areas.

You do not say, the Reserve is going to do it because we know what the capability is right now—we are going to rely on host-national support. Such is what the CINCs say at this point.

General WARD. Well, we have built in host-nation support for at least 2 weeks in most areas.

Senator GLENN. If you are in a war in Europe, and the Germans, the French, the Belgians, the Dutch and everybody else are getting shot at, and they have got casualties like us, and our people are getting shot up, too. Do you believe then we are going to rely on host-nation support for those that are already overburdened, that is not the Total Force Policy concept. That is not the way it is supposed to work.

And that is the reason I questioned whether we should not realign some of these things.

General WARD. Well, the total force is like a three-legged stool: an Active, a revitalized Reserve component, and host nation support.

Now, that might not be a sensible, conscious part of the structure, but that is something else.

Senator GLENN. I will read that in a minute here, but I interrupted Senator Exon a little while ago. We got off base here, and I asked him to yield.

Senator EXON. You had a remark you wanted to make.

Senator GLENN. General Burdick, go ahead.

STATEMENT BY MAJ. GEN. DONALD BURDICK, DIRECTOR, ARMY NATIONAL GUARD, DEPARTMENT OF THE ARMY

General BURDICK. Senator Glenn, I am Maj. Gen. Donald Burdick, the Director of the Army National Guard. I am particularly pleased to have the opportunity to appear before your committee today.

I would like to answer your question, Senator. I would like to tell you about the readiness of our Army National Guard, and I would like to comment on our needs.

I have to agree with Mr. Duncan and with General Temple that the Total Force Policy is working. Are we there? Not fully, sir. But we have made tremendous strides during the decade of the 1980s to make this Total Force Policy work.

And I talk on behalf of 455,000 combat-ready National Guardsmen that are in troop units. They are in organized units today, and not in any pool. And they can deploy, if provided the lift.

We have demonstrated this in numerous operations—Reforger, Team Spirit, and in Central and South America. The Army Guard, as one of the Reserve components, can do the job expected of them today.

Now, in terms of our readiness, let me comment on that.

I have 1,793 reporting units. Of these reporting units, if I take out our C–5 units, and I have 293 units that are in this temporary category. These might be units that have Cobra aircraft today and are transitioning into the Apaches, and we do not call them fully qualified until they do that. It takes upwards to a year or two to do that. These are units that are undergoing major reorganizations, or major equipping. If I put those aside for the moment, over 80 percent, 81 to 86 percent of my Guard units, are termed combat ready.

And, sir, that's C–3 and above, under that present system that you mentioned might have some faults.

Of my combat service and combat service support units, 74 percent of these units, and this is considering some of the C–5 units, are reporting "combat ready".

In terms of equipment on hand, we have made tremendous strides during these last 8 years, but we are not there yet.

I have, for example, a mobilization requirement of some $32 billion of equipment. What do I have on hand? I have on hand $24.9 billion. So I have 78 percent of my required equipment and a shortfall of $7.1 billion.

I need 5-ton trucks. I have 13,000 5-ton trucks as a requirement. I still need 8,000 5-ton trucks.

Tactical radios, the M–113 family of vehicles—we need this equipment.

Medical equipment. We are getting the Depmeds in. We are awaiting this, but we still have some shortages on this equipment.

In terms of my medical readiness, I have a requirement for 1,598 doctors. On hand, I have 1,198, so I am only 75 percent of my fill in doctors.

On nurses, I have a requirement for 1,223. I have over that, sir. I am over 100 percent in nurses in the Army National Guard.

We need certain incentives for the physicians, and this is across the board. We are short some specialties, and it is across the board in terms of my needs.

In terms of MOS qualification across the Guard, 81 percent of my soldiers are MOS qualified today.

And in terms of overall readiness, as General Temple pointed out, we compare quite favorably to the Active component.

Now, in terms of personnel, there are three goals that I feel we must meet.

General TEMPLE. Don, if I can interrupt for 1 minute. What I neglected to tell you was that anywhere from 9 to 10 percent of the force is being trained in their MOS at any given time.

So where he tells you he has 81 percent as MOS qualified, keep in mind there is another 9 or 10 percent being trained at that time.

Senator GLENN. Okay. The only thing I am sitting here wondering, and I am sure Senator Exon is, too, and this is on his time that we are doing all this——

Senator EXON. That is all right.

Senator GLENN [continuing]. Is why the Reserve Policy Board does not reflect the figures that you are talking about? We get the figures over here from the Pentagon, and they do not reflect anything close to what you are talking about.

General BURDICK. Sir, I think General Temple alluded to this from the beginning. You know, you have two Reserve components, for one thing. I do not know what those figures reflect right now, but I am talking about our Army National Guard. And I am commenting on the readiness of our Army National Guard, and I think my figures are valid.

I have three important personnel goals. First, we must recruit and retain high-quality soldiers. And, sir, we are doing a better job than we have ever done in our Army National Guard.

At the end of this current fiscal year, I am to attain a strength of 457,300. Last year, 455,182, and we got within 2,000 of that strength. I am at 99.5 percent of my requirements already this year and I expect to make end strength.

Retention, retention, the opposite of losses, is the best that it has ever been in the Army National Guard. In fact, in the Army National Guard we are the best of any of the Army components in terms of retention.

We are significantly increasing the number of female soldiers in the Army National Guard today.

Another important personnel need is to provide the full-time manning necessary to support these deployable units, out in the deployable units and the facilities: our Army-aviation flight facilities, our mobilization and training equipment sites, and our combined-support maintenance sites that support these units. I would just like to comment on this today, sir.

I have a requirement for AGRs, a validated requirement, that has been substantiated by use of the Army's validating activity, of some 41,996 AGRs. I have but 25,914 on hand today. Just to take the troop structure of the units, this year and next year on board, I need over 2,139 AGRs.

In terms of military technicians, I have a validated requirement for 32,978. I have on hand 28,120. And just to take on these new units, I need 2,032 over the next 12 months.

So we are short full-time manning, and this is my top priority. This is my critical need for this deployable Army of some 455,000 soldiers today. We just have to do this.

Control grades, if I could just comment on that. We are constrained in the promotion of some of our officers at the major, lieutenant colonel levels, particularly. And this means I have majors out in units—I have 237 majors that cannot be promoted to lieutenant colonel.

Now, we have a table of organization and equipment, and that gives us a certain slot for a colonel. We ought to be able to promote that major to lieutenant colonel.

I will lose these people, trained people from the force if I cannot promote them by a certain date. And we ought to base this on the TOE and a percentage of the force.

So I need some assistance in that area.

But I am here to tell you today that the Guard has made tremendous strides over the last 8 years in equipping and resourcing. We are not there yet.

And I certainly appreciate the assistance of this committee over the past years, what you have done for us in resourcing. But we have got to continue the march if we expect to maintain the combat readiness of our Army Guard.

[The statement of Major General Burdick follows:]

STATEMENT BY

MAJOR GENERAL DONALD BURDICK

DIRECTOR, ARMY NATIONAL GUARD

DEPARTMENT OF THE ARMY

I. FOREWORD

Today the Army National Guard (ARNG), our Nation's 'Army on Call', has taken on new responsibilities. Staffed with high quality soldiers, trained and equipped to a higher level of readiness, and modernized to a greater extent than ever before, the Army National Guard is the best it has ever been in its 352 year history. The Army's Total Force policy and the resources provided by Congress have made this transition possible in the decade of the 1980's.

The ARNG has proven to be cost effective in performing both its state mission of providing military support to civil authorities and its federal mission of deterring war.

Dramatic improvements occurring in our ARNG in the 1980s include the following:

--- End strength and force structure increased by approximately 100,000 to a projected End Strength of 457,300 for Fiscal Year 1989.

--- The number of ARNG units with early deploying missions increased 151%.

--- The number of new and existing units reporting an overall ready status to perform their wartime mission increased 31%.

--- High priority units are being equipped with the most modern equipment available to the Total Force.

--- Training opportunities have greatly expanded with the use of local, regional, national and joint training areas and centers. The use of high technology training equipment and training simulators enhanced our ability to make maximum use of limited resources.

--- Training opportunities for qualification of both individual soldiers and leaders have been extended to include field environments around the world.

With Congress applying the needed manpower and dollar resources, the ARNG will continue to meet the requirements of becoming an even more viable and cost effective military force. We look forward to the challenges and opportunities for improvement and growth that the decade of the 90's will bring.

II. GOALS

Army National Guard soldiers are unlike any others. George Washington once stated, 'The militia is certainly an object of primary importance, whether viewed in reference to the national security, to the satisfaction of the community, or to the preservation of order'. More recently Charles Moskos, a leading sociologist, has characterized the citizen soldier's role as the epitome of national service. The ARNG gladly accepts its role as a citizen soldier force with a responsibility not only to support the states and territories when called upon, but also to defend our nation as a part of a military force to deter war and if this fails to fight and win.

To accomplish our missions in the 1990s, the ARNG must achieve four important goals.

Personnel --- Retain quality soldiers, staff our force structure, and obtain necessary Full Time Support.

Training --- Improve readiness through individual, unit, and leadership training.

Equipment --- Obtain state-of-the-art equipment and ensure quality maintenance for the entire equipment inventory.

Readiness --- Manage all resources to assure a fully capable force.

While focusing on these goals, we must also ensure attention is given to each citizen soldier. The safety and well-being of our soldiers and their families is important to the accomplishment of our mission. We must have soldiers who train in realistic, but safe environments and who are physically fit and mentally ready to perform their duties.

III. MISSIONS

The Army National Guard is unique in that it has two distinctly different missions. The first mission is to provide support to civil authorities during state emergencies such as natural disaster or civil disorder. The second mission is to provide properly trained and equipped units to deter war and to mobilize in the event of national emergency by providing combatant forces to the Commanders-in-Chief of Unified Commands.

A. STATE MISSION

Requests for ARNG support to civil authorities continued to increase during Fiscal Year (FY) 88. Our units provided support to 52 states and territories during 330 separate emergencies. This total included both civil disturbance and recovery operations following floods, tornadoes, hurricanes, and other natural disasters.

In addition, the ARNG provided humanitarian support by conducting search and rescue operations, supplying emergency power and water to communities, providing temporary shelter for the homeless, and evacuating critically ill and injured people.

Congress has recently added the mission to enhance ARNG support to federal and state authorities in drug interdiction. The war on drugs is a vitally important mission and one uniquely suited to our role as citizen soldiers. We readily accept the challenge. The number of states involved in drug suppression operations increased from 19 states in 1983 to 32 states in 1988. As a result, almost 700,000 marijuana plants were destroyed and 2,270 pounds of cocaine, worth $1.1 billion, were confiscated during FY 88.

B. FEDERAL MISSION

The ARNG provides properly trained and equipped units available for prompt mobilization in the event of a national emergency or war. Currently the ARNG provides 44% of the combat units, 31% of the total Combat Support, and 25% of the Combat Service Support units of the Total Army. This includes 36% of the combat divisions (10 out of 28); 20% of the Air Defense Batteries; 50% of the Field Artillery Battalions; 33% of the Aviation units; 41% of the Engineer Battalions and 25% of the Special Forces Groups. All of these forces will be used to support Commanders-in-Chief (CINCs) in their wartime mission. As more missions are directed to the ARNG in the future, support for the ARNG must be raised proportionately to support any additional growth.

IV. THE ARMY NATIONAL GUARD OF THE 1980s AND THE NEXT DECADE

The ARNG made tremendous strides in strength, training, and equipment readiness during the 1980s. Our end strength grew by over 100,000 and we have achieved a readiness status as 90% of our units are now reporting "ready" for equipment on hand. This was achieved with a budget that increased from $2.1 billion in FY 81 to $5.6 billion in FY 89 as well as distribution of over $9 billion in equipment in the past eight years. It is critical that if we are to maintain this high state of readiness into the next decade we must maintain and efficiently manage all of our available resources.

A. PERSONNEL

END STRENGTH

Although the strength of the ARNG has never been higher, we must work even more diligently to maintain that strength as we enter a period of decreasing manpower availability. To maintain our strength, we must focus not only on recruitment of quality soldiers but on increasing the retention of qualified soldiers.

OFFICER MANAGEMENT

The need to fill officer positions in the ARNG remains an important concern. While the budgeted officer strength was met in FY 88, the ARNG must increase officer strength by almost 1,800 to meet officer requirements of over 51,000 by FY 91. The ARNG will accomplish this through accession of quality officers from ROTC, State Officer Candidate Schools, and prior service commissions.

RETENTION

The ARNG reduced its attrition rate to 18.7% in FY 88 -- the lowest ever and a significant improvement over the FY 87 rate of 20%. Attrition was reduced by over 4,500 soldiers, re[resulting a savings of over forty million dollars in training costs. It is very clear that we must retain trained soldiers, our most precious resource, through sound management of attrition which will increase readiness by reducing personnel turnover. The goal of the ARNG through the 1990s is to keep losses at or below 18% of end strength.

RECRUITING

Nationwide recruiting efforts have produced positive results for our ARNG. In FY 88, the ARNG achieved its best quality marks ever for non-prior service accessions. The Test Category IV rate for FY 88 was reduced to 8.8%, and 88% of new accessions were high school graduates. Our goal is to double the number of women recruits in the ARNG to 10,000 during FY 89.

We had 46,779 participants in the Montgomery GI Bill at the end of FY 88. This program provides benefits to soldiers who attend undergraduate college on a half-time or more basis. The number of participants in this program is projected to reach 55,000 by the end of FY 90.

The ability to maintain quality accessions will present yet another challenge to the ARNG in light of constrained resources. A reduction in recruiting support and advertising funds will hamper our ability to reach the targeted, high quality 17 to 21 year old non-prior service individuals through 1995.

FORCE STRUCTURE

The ARNG has experienced many changes in its force structure to include numerous conversions to the Army of Excellence (AOE) design.

The ARNG has had several 'firsts' during the late 1980s. The first Apache (AH-64) attack helicopter battalions have been activated to support corps and theater war fighting capabilities; the 629th Military Intelligence Battalion (CEWI) of the 29th Infantry Division was activated (the first ARNG unit to receive Signal Intelligence equipment); and the first Multiple Launch Rocket System (MLRS) Battalion has been fielded in the Oklahoma ARNG.

During FY 89, the conversion of ARNG aviation units to Army of Excellence design will continue. Conversion of division aviation brigades is nearly complete, and corps and theater aviation organizations will be completed in FY 89 with five aviation group headquarters being established for command and control of attack helicopter battalions. Conversions during FY 89 will include two armored cavalry regiments to armored brigades. Ten units will be activated during FY 90 to include two Hawk battalions (Florida and Ohio); a chemical brigade headquarters in Illinois; three MASH hospitals (Georgia, Indiana and Ohio); a combat support hospital (Colorado); and two Military Intelligence (Linguist) Battalions (Louisiana and Washington).

During FY 91, 16 major force structure actions will occur in the ARNG. These will include; two chemical smoke generator companies, four Quartermaster Petroleum Pipeline and Terminal companies, four signal companies, a headquarters and headquarters battery for an Air Defense Artillery (ADA) Brigade, a Vulcan gun/Stinger ADA battalion, two medium truck companies and a Hawk missile battalion. Stationing plans are currently being prepared for the location of those units being activated.

FULL-TIME SUPPORT

Full-time support is critical to combat readiness of the ARNG. The full-time support program provides a cadre of full-time personnel in support of overall readiness mission. The program encompasses ARNG Active Guard/Reserve (AGR) soldiers, ARNG Technicians, active component soldiers assigned to the ARNG, and Department of the Army civilians.

Required growth is the most critical issue facing the full-time support program. As of FY 90 the ARNG will be short 15,832 AGRs and short 4,521 of the required ARNG Technicians to support mission readiness requirements. Limitations on the projected expansion of the AGR force and the National Guard technician force will impact adversely on the overall readiness of the ARNG and on our ability to achieve effective AGR and Technician career management programs.

Additionally, effective career management of these quality, professional soldiers is severely impeded by inadequate senior grade authorizations provided by the Congress. We support a legislative proposal to remove grade restrictions and have grade strength based on budgeted funds.

B. TRAINING

The multitude of training opportunities available today for our ARNG soldiers and units is key to providing realistic, mission-oriented training and improving readiness. The Professional Development Program, Key Personnel Upgrade Program (KPUP), Overseas Deployment Training (ODT), CAPSTONE, training at the National Training Center (NTC) and at the Joint Readiness Training Center (JRTC), Battle Command Training Program (BCTP) and the Joint Chiefs of Staff (JCS) exercises are vital to meeting the ARNG's mission to provide combat ready units in support of the total force and Unified Commanders missions.

RESERVE COMPONENT TRAINING STRATEGY

The Reserve Component Training Strategy Task Force was created to develop a training strategy to enhance the warfighting readiness of the Reserve Components to include the ARNG. The program is managed from Headquarters, Department of the Army (DA) with annual program oversight through the Reserve Component Coordination Council (RCCC). This action plan includes initiatives to improve readiness in the areas of individual, leader, and collective training, as well as improved training support and management. This program is funded at $41.5 million in FY 90 and $47.3 in FY 91. These funds will be used to implement an extensive Military Occupation Skill Qualification (MOSQ) upgrade program within the ARNG. To implement other programs such as automating Skill Qualifications Tests, improving the ARNG marksmanship program and developing training devices configured to meet unique requirements of the ARNG would cost an additional $30 million each year for the next ten years.

PROFESSIONAL DEVELOPMENT EDUCATION

The Non-Commissioned Officer Education System (NCOES) continues to provide our NCO leadership with opportunities to participate in resident training courses on the latest tactics, doctrine, and systems, thereby, reinforcing MOS skills and leadership abilities. The Army's ability to field a combat-ready force requires the development of ARNG leaders who can, on short notice, deploy, fight and win.

In FY 88, the Reserve Component NCOES (RCNCOES) was restructured to include job related tasks in addition to Army leadership training and battlefield survival skills. The revised RCNCOES consists of three levels of progressive NCO education which provide the necessary knowledge and skills required to train individuals and small units to go to war. This program includes the Primary Leadership Development Course (PLDC), the Basic Noncommissioned Officer Course (BNCOC) and Advanced Noncommissioned Officer Course (ANCOC). Sufficient resources have been provided to give this training opportunity to all drilling ARNG personnel. During FY 88, over 21,000 soldiers graduated from RCNCOES courses. Current trends indicate that the number of NCOs who graduate from RCNCOES will increase to 25,000 each year through FY 91.

In addition to RCNCOES Courses developed for the citizen soldiers who are unable to leave their civilian vocation for extended periods, we have set professional standards for our full-time NCO workforce which are the same as for their active component counterparts. Active Guard/Reserve (AGR) soldiers must successfully complete active component NCOES courses for their current military grade and skill level as a condition of continued employment in the AGR workforce. As of FY 88, Military Technician personnel must successfully complete Reserve Component or Active Component NCOES courses appropriate to their current military grade for promotion to the next higher grade. It is estimated that 8,500 AGRs and Technicians will complete the appropriate NCOES courses each year through FY 91.

The purpose of the Reserve Component Tank Commanders Course (RCTCC) is to prepare ARNG NCOs and Officers for the duty position of Tank Commanders in a tank company or cavalry troop. This Tank Commanders course is taught at Gowen Field, Boise, Idaho. Since FY 84 1,600 ARNG soldiers have graduated from RCTCC. 600 soldiers are programed to complete the course each year through FY 91.

The ARNG NCO Battle Skills Course (BSC), taught at Camp Robinson, Arkansas, was developed to sustain combat skills among our NCOs. All ARNG NCOs are eligible to attend. BSC provides training in the technical and tactical employment of infantry squad and platoon weapons, live fire exercises, the use of supporting weapons available to the infantry squad and platoon, and battlefield survival techniques. More than 6,300 ARNG NCOs have graduated from BSC. An additional 2,000 graduates are programmed each year through the 1990s.

KEY PERSONNEL UPGRADE PROGRAM (KPUP)

Our FY 90-91 budget includes funds for over 4,000 ARNG soldiers to train in a KPUP status at the National Training Center. This program allows individual ARNG soldiers to improve their MOS skills by training with active component units with similar 'go to war' missions. As the number of ARNG soldiers trained at the NTC approaches 5,000 per year, any reduction in resources for KPUP will impact heavily on realistic MOS training for key ARNG personnel. In FY 89 an estimated 2,000 soldiers will participate in either a KPUP status or as members of the Opposing Forces (OPFOR) at the National Training Center. Elsewhere a total of 6,000 soldiers will be deployed in the United States to participate in KPUP training during FY 89, while 2,000 soldiers will participate in JCS Exercises overseas. This program is being expanded to include over 7,500 soldiers each year through FY 91.

OVERSEAS DEPLOYMENT TRAINING (ODT)

ODT provides the opportunity for unit personnel to learn about their assigned area of operations, unit mission and wartime operating procedures of their CAPSTONE gaining command. During FY 89, almost 31,000 Guardsmen are scheduled for ODT with an anticipated 32,000 each year through FY 91. The objectives of the ODT program are to:

1. Strengthen CAPSTONE associations.

2. Conduct wartime mission planning and training in their overseas theater of operations.

3. Conduct mobilization and deployment training.

4. Provide for reception planning and training.

5. Increase unit readiness by providing optimum participation of units/cells in OCONUS unilateral, joint and combined exercises.

THE NATIONAL TRAINING CENTER (NTC)

NTC is the Army's premiere collective training center. It provides the most realistic combat environment available in peacetime. Since 1983, twelve Army National Guard roundout battalions have trained at the NTC. Current schedules call for two ARNG Battalion rotations each year in FY 89, 90 and 91.

THE JOINT READINESS TRAINING CENTER (JRTC)

JRTC located at Fort Chaffee, Arkansas is the training center for the Army's light infantry, airborne, ranger, air assault, and conventional infantry forces with their support elements. Two ARNG battalion will participate in exercises at the JRTC in FY 89, one from the 29th Infantry Division (Light) and one from the 39th Separate Infantry Brigade. The ARNG is currently identifying four battalions, two each year, to train at the JRTC in FY 90 and 91.

JOINT CHIEFS OF STAFF (JCS) EXERCISES

JCS exercise participation is designed to train units in accordance with existing contingency plans and improve the ability of ARNG units to accomplish JCS directed wartime missions. These exercises evaluate standing operating procedures and war plan development. They also provide opportunities for CAPSTONE wartime mission training and for strengthening CAPSTONE relationships. During JCS exercises, commanders and staffs train in the Air Land Battle doctrine in a realistic environment. They exercise and evaluate personnel and administrative, logistics, and communications systems. The commander and his staff also weld all elements - combat, combat support, and combat service support - into an effective fighting force. Currently 16 JCS exercises are scheduled for FY 90 and 91.

THE BATTLE COMMAND TRAINING PROGRAM (BCTP)

With today's constrained resource environment, this command post exercise has been developed to fulfill the training needs of division and corps commanders and their staffs without the need for an entire division participating in field exercises. The program trains to tough, combat performance standards, thereby improving commander and staff combat readiness. It develops and tests expertise in large unit operations, command and control, decision-making, and efficient and thorough staff work.

BCTP is designed as a two-part exercise. Phase I includes a seminar at Fort Leavenworth, and phase II includes a 9 day War Fighter Exercise (WFX). The WFX includes a deployment to the field by the division headquarters and all major subordinate headquarters staffs. Two divisions will participate in BCTP each year through FY 91. The 28th Infantry Division (Pennsylvania ARNG) and the 38th Division (Indiana and Michigan ARNG) will undergo the WFX during Annual Training in FY 89.

AVIATION TRAINING

The ARNG has two centralized Army Aviation Training Sites (AATS) which support training for aviation skills unique to the ARNG. These sites, the Eastern and Western AATS, are located in Pennsylvania and Arizona, respectively.

The Eastern AATS (EAATS) emphasizes individual aviator qualification training in utility and cargo rotary wing aircraft and selected fixed wing aircraft. The Western AATS (WAATS) focuses on attack and aeroscout rotary wing training. At the EAATS, nearly 15,000 aircrew flying hours have been conducted in the UH-1H synthetic flight training system that supports Active Component, Army Reserve and Army National Guard aviators on a regional basis. Additionally, Both AATS operate a state-of-the-art computerized AH1 (Cobra) flight weapons simulator to improve the combat readiness of ARNG attack helicopter pilots.

With reductions in flying hours due to constrained resources and limited training available in metropolitan areas, the number of simulator training hours utilized at each AATS is expected to increase dramatically in the 1990s. Training at the AATS will become critical in maintaining pilot proficiency and mission readiness. The ability to meet this growth will be restricted without an increase in ARNG full-time manning. By FY 90, the AATS will be short 54 full-time personnel.

In FY 88, the first ARNG Apache Attack Helicopter Battalion in North Carolina was certified combat ready. In FY 89, Apache Attack Helicopter Battalions in both Florida and South Carolina will begin training at home station and deploy to Fort Hood for combat certification in FY 90. A unique feature of the Apache Battalions is that each requires 36 unit members to provide full-time support; however, with continued constrained growth in full-time manning the aggregate shortage for all Apache battalions will be 72 full-time personnel in FY 90.

The ARNG has established mandatory Night Vision Goggle (NVG) qualification for all ARNG helicopter pilots. All pilots are now NVG qualified during initial flight training at Fort Rucker, Alabama. In addition, NVG mission training in unit tactical tasks was mandated for specific positions identified by the unit commanders. More than 80 percent of all ARNG aviators are now NVG qualified, with more than 30 percent mission trained. The goal of the ARNG is to have 100 percent of our pilots NVG mission trained and 50 percent current by FY 90. This training can be accomplished as a part of the currently funded flying hour program.

TRAINING SUPPORT

Limited training time, unit dispersion, constrained space for maneuvering units and for gunnery ranges create unique training problems for the ARNG. Many of these problems can be overcome through the innovative use of training devices, simulators, simulations, and a comprehensive development program for local training areas. Currently the ARNG is working with states such as Maine, Kentucky, and Nevada to provide land at no cost for unit maneuvers.

TRAINING SYSTEMS

Multiple Integrated Laser Engagement System (MILES) sets for major training areas are now in place. Fielding of company size sets for maneuver battalions is scheduled for completion in FY 89. This will complete scheduled procurement of MILES sets for the ARNG.

M-81 chemical agent alarms and nineteen (19) Mobile Conduct of Fire Trainers (M-COFT) have been fielded. The Guard Unit Armory Device Fullcrew Interactive Simulation Trainer (GUARDFIST) I and II research and development contracts have been awarded. After prototypes are accepted, tank crew and indirect fire support skills will be enhanced. ARNG units begin receiving the Precision Gunnery Trainer for DRAGON and

TOW antitank missile system in FY 91/FY 92. This training system will provide maneuver units the opportunity to practice anti-tank gunnery in armories and on ranges without expending live missiles.

Vulcan/Stinger units will be equipped with a training device that will allow training on actual weapons systems in the armory. The soldier will be able to acquire targets, fire, and determine whether the targets are destroyed. In FY 90, 125 of these devices will be fielded to the ARNG. In addition 2,000 Electronic Information Delivery Systems (EIDS), an interactive learning system, will be fielded. This system will allow individuals and small groups to learn in an interactive mode and to use courseware tailored to a specific task. A Squad Engagement Trainer (SET) is being developed and is specially designed for use in the local armories to train marksmanship skills, practice troop deployment, tactics, and exercise battlefield leader skills necessary for success in a hostile environment.

REGIONAL TRAINING SITES

Studies conducted by the Logistics Management Institute and the Industrial College of the Armed Forces coupled with the Department of the Army Management Action Plan recognized training shortfalls in Reserve Component maintenance units and recommended establishment of Regional Training Sites-Maintenance (RTS-MAINT). The RTS-MAINT provides maintenance personnel training on equipment they will maintain during wartime. The ARNG is working with the Department of the Army and Major Commands to develop programs of instruction, procure facilities, provide manpower, and field training devices to the RTS-MAINT.

The Army National Guard is establishing thirteen (13) RTS-MAINT sites. An aggressive sustainment training program has been initiated at Fort Bragg, North Carolina; Camp Shelby, Mississippi; Fort Dix, New Jersey; and Camp Dodge, Iowa. RTS-MAINT sites at Camp Blanding, Florida; Camp Roberts, California; Camp Custer, Michigan; Camp Ripley, Minnesota; and Gowen Field, Idaho are scheduled for construction in FY 89. The remaining ARNG proponent sites are programmed for Nickell Barracks, Kansas; Fort Stewart, Georgia, in FY90; and Jefferson City, Missouri and Pearl City, Hawaii in FY 91.

Efforts are presently being made to obtain major end items and components required for training at each RTS-MAINT. One M1 tank has been programmed for delivery to each operational site. The ability to train on equipment that will be maintained upon mobilization is the greatest problem hindering maintenance MOS proficiency. This urgent problem must be given top priority because the ARNG and Army Reserve have over three-quarters of the Total Army maintenance capability. This is a major weakness in readiness considering that all the new, highly-technical weapons will serve no purpose if there is no repair capability on the battlefield.

The High Technology Regional Training Center (HTRTC) at Fort Dix, New Jersey is a prototype regionalized training center for Reserve Component (RC) and Active Component (AC) personnel. The HTRTC strategy is to improve unit readiness by providing a training environment designed around the training requirements of RC personnel. The HTRTC includes a RTS-MAINT, a High Technology Training Center (HTTC), a Training Technology Field Activity (TTFA) and a Range Training Support Activity (RTSA). As new equipment is introduced into our inventory sustainment and transition training is provided at the HTRTC. The HTRTC provides continuous weapons systems, weapons systems simulators and other high technology training devices to enhance individual operator and unit training proficiency.

Camp Shelby, Mississippi became the first ARNG Regional Training Site-Medical (RTS-MED) in FY 89. This RTS-MED will provide New Equipment Training (NET) for ARNG and USAR medical units that will receive the Army's new Deployable Medical System (DEPMEDS). A second ARNG Medical Training Site at Fort Indiantown Gap, Pennsylvania is scheduled to open in FY 90. In addition these sites are also designed to provide sustainment training for medical and medical maintenance personnel, Combat Casualty Care training, Combat Life Saver training, medical Basic Noncommissioned Officer Course and Advanced Noncommissioned Officer Course. The ARNG also conducts unit field medical training from our training site in Panama. This site also provides humanitarian medical support to the indigenous populations of Central America.

TRAINING RANGES

The ARNG Range Modernization Program supports new weapons systems and new training doctrine, and offers tactical training close to home. It provides for weapons proficiency, individual and crew qualifications, laser safety, and improved combat readiness. The range modernization program is built upon the development, acquisition, and upgrade of local training areas. It is designed to maximize training time while reducing material operating costs. The range modernization program received over $19 million in FY 88 and is projected to increase to approximately $69 million for FY 89 through FY 91.

These initiatives support the development of ranges and procurement of training land to provide individual soldier marksmanship, armor and mechanized infantry, and combined arms training at various locations. Without these programs, ARNG units would be required to expend valuable training time and funds traveling to and from distant training sites. Leaving ARNG units with obsolete training facilities, not conducive for training up to current Army standards, would seriously impair readiness required for mobilization.

MOBILIZATION TRAINING

Mobilization preparedness is a major objective of the ARNG. Training for and evaluating mobilization preparedness are essential for improving unit and State Area Command (STARC) mobilization and deployment capabilities. ARNG units will participate in approximately 950 mobilization exercises each year through FY 91.

In support of mobilization training, ARNG units participated in numerous overseas deployment training exercises in FY 88 to include JCS sponsored REFORGER, TEAM SPIRIT, BRIGHT STAR, BRIM FROST and WINTEX/CIMEX. Additionally, our units participated in Active Army sponsored CONUS based exercises including FIREX, LOGEX,VULCAN KNIGHT, BOLD VENTURE, and GOLDEN THRUST. In each instance ARNG units demonstrated they can successfully perform required mobilization activities within required time frames. Continued participation in such exercises will enhance ARNG unit capability to mobilize and deploy.

During FY 88 all STARC headquarters participated in the JCS mobilization exercise PROUD SCOUT. This was a Command Post Exercise (CPX) designed to evaluate the mobilization plans, policies, and procedures. In conjunction with PROUD SCOUT, FY 88 saw the introduction of a major new Active Army mobilization exercise called EXERCISE GOLDEN THRUST; it will involve 29,000 ARNG soldiers annually. Conducted in the First Army area, the exercise was designed to test the full spectrum of mobilization related activities. Units actually moved through the five phases of mobilization: preparation, alert, mobilization at home station, movement to the mobilization station, and operational readiness improvement. The exercise focused on simultaneous mobilization of multiple units to determine flaws or discrepancies in existing plans, policies, procedures, and systems. Lessons learned are being applied throughout the mobilization community.

In addition to participation in JCS exercises, ARNG units participated in local mobilization exercises conducted by STARC headquarters throughout the United States. These exercises; Mobilization and Deployment Readiness Exercises (MODRE), Readiness for Mobilization Exercises (REMOBE), State Area Command Exercises (STARCEX), and Emergency Mobilization and Deployment Exercises (EMDREX), are designed to enhance ARNG unit and individual preparedness for mobilization and deployment.

Continued funding and participation in both the Active Army and ARNG exercise programs are imperative. Through sound management, we have maximized the dollars to exercise value ratio. While our exercise funding level has remained constant, the number of exercises conducted has risen consistently. Any reduction in funding would inhibit our exercise schedule and jeopardize our goal to have all units participate in a mobilization exercise once every five years. The FY 90/91 budget request includes sufficient funds to support our exercise schedule.

C. EQUIPMENT

GROUND EQUIPMENT

The Department of the Army continues to deliver large quantities of equipment to the ARNG under the force modernization program. In FY 88, equipment valued at $2.9 Billion was delivered primarily in go-to-war items such as: the M1 Abrams Tank, M60A3 Thermal Sight Tank, Firefinder Radars, Improved TOW Vehicles (ITV), M198 Howitzers, Battery Computer Systems (BCS), Heavy Expanded Mobility Tactical Trucks (HEMTT), and High Mobility Multi-Purpose Wheeled Vehicles (HMMWV). Although this represents a sizeable increase over the $2.03 billion delivered in FY 87, equipment shortages still exist totaling $7.3 billion. With continued Total Army and Congressional support the ARNG modernization effort will continue to improve Army Guard combat power and support capability dramatically.

The first Prepositioned Overseas Material Configured to Unit Sets (POMCUS)-Uncovered Residual Equipment-Replacement (Pure-Rep) program unit has been activated in the ARNG. This test concept proposes a solution to the equipping dilemma by activating ARNG units whose major pacing items of equipment (M1 tanks and M3 Cavalry Fighting Vehicles) are replaced by PURE assets left by deploying Active Component units upon mobilization. As part of this program a M1 armor battalion in Kentucky is being activated in phases; full activation is expected by FY 91.

COMBAT VEHICLES

The ARNG armor force will be modernized by accelerating the M1 Abrams into the non-roundout units while M60A3 fielding continues at a reduced rate. Fielding M-1 Tanks continues to be a high priority. Tanks older than the M60A3 will be phased out by the mid 1990s, and all units will be fielded with M1 or M1A1 Abrams tanks by FY 99. The first non-roundout unit to receive M1 tanks will be the 163d Armored Cavalry Regiment, which will reorganize as a heavy separate brigade and receive two battalions of M1 Tanks in FY 89. The ARNG has converted the Gowen Field, Idaho Displaced Equipment Training (DET) site to handle training ARNG tank crews on the M1 Abrams tank.. The second DET site, operating at Camp Shelby, Mississippi, will continue to train M60A3 tank crews.

Modernization efforts continue with ARNG roundout units receiving the Bradley Fighting Vehicle (BFV). Delivery of the Improved TOW Vehicle (ITV) will modernize the antitank capability of the ARNG. This is being accomplished through procurement of ITVs with dedicated procurement funds provided by Congress and the transfer of excess ITVs from the Army. The ARNG can now project deliveries of ITVs to attain an 80 percent fill level of this tank killing system. The deliveries of 914, M113A3 Armored Personnel Carriers, procured with separate Congressional appropriations, has begun. A portion of these improved M113s will be issued to units receiving the M1 Abrams tank. Improvement in the inventory posture for the M113 family of vehicles will allow many units that were using substitute vehicles to be properly equipped.

Modernization of the ARNG Field Artillery (FA) is progressing with the activation of the first Multiple Launch Rocket System (MLRS) unit. Although equipping the ARNG with MLRS to support Active Army Corps is a major step, the nine ARNG divisional MLRS batteries are not yet programmed for procurement. Procurement of the British Light Gun (BLG)

L-119 (105mm) by Department of the Army is scheduled to begin in FY 89. The L-119 howitzer is projected for fielding to an ARNG light infantry division, a roundout brigade, and two separate infantry brigades, beginning in FY 90.

Even with the Army's help the ARNG will have shortages in several categories of FA equipment for the foreseeable future. Only 22 percent of ARNG units have the Battery Computer System (BCS). Without this capability fire missions response times are delayed; this increases the vulnerability of these units. Only five percent of current FA units are equipped with Position Azimuth Determining System (PADS). Since relocation of FA units is required frequently on the modern battlefield, ARNG artillery units will be significantly less effective due to the time required to accurately survey new positions. The shortage of M110 Eight Inch Howitzers and the M109 155mm self-propelled howitzers prevents ARNG units from meeting Army equipment serviceability standards.

TACTICAL WHEELED VEHICLES

The ARNG is still short of several categories of tactical wheeled vehicles; it has instead, several types of older vehicles that are difficult to support with repair parts. The shortage of five-ton cargo trucks is the most critical shortage. Even with the 1,440 five-ton cargo trucks procured with separate Congressionally-dedicated appropriations, the fill level was only increased from 40 to 45 percent. Currently two-and-a-half ton trucks are used in lieu of five-ton trucks, limiting the mobility of ARNG units. To further compound these shortages, the ARNG has approximately 3,000 older model, gasoline powered, five-ton and 2 1/2-ton trucks which require replacement or upgrading to multifuel engines. The ARNG has initiated a truck repowering program to modernize and extend the life cycle of all older models. Since funding is limited, only 200 engines are being repowered each year at a cost of $600,000.

The replacement of five-ton trucks with the Heavy Expanded Mobility Tactical Trucks (HEMTT) in some ARNG units is providing some remedy to the mobility problem. The displaced five-ton trucks are used to offset five-ton truck requirements generated by new force structure; therefore, the total shortfall for five ton trucks is not declining.

The ARNG faces an additional challenge in providing alternatives to a shortfall of fuel handling equipment (for 14 million gallons) to support 'go to war' requirements. This shortfall equates to 2,800 five-thousand-gallon tanker trucks. Participation in training exercises and ability to deploy and fight are severely limited by the ability to haul fuel.

DEDICATED PROCUREMENT PROGRAM

Since FY 82, Congress has provided separate 'add on' appropriations in the amount of $1.5 billion for ARNG procurement of essential equipment. These separately appropriated dollars have been used to improve equipment readiness of early deploying units. An Appropriations of $256 million was provided for procurement of ARNG equipment in FY 89. The equipment to be procured with this funding includes 100 Small Unit Support Vehicles (SUSV), 300 M113A3 Armored Personnel Carriers, 75 Fire Support Team Vehicles (FISTV), 58 M-1 Abrams tanks and $25 million for miscellaneous equipment. The delivery of equipment procured with dedicated appropriations has been essential in resolving shortages of selected critical equipment items.

COMMUNICATIONS-ELECTRONIC EQUIPMENT

As of FY 88, all ARNG Divisional Signal Battalions have been equipped with multichannel Army Tactical Area Communications Systems. These systems have been procured with funds made available by Congress for C-E equipment since FY 79. Upon completion of this modernization program, all ARNG divisions will attain interoperability with all other Total Force Army elements. The command and control problems solved by this modernization program and the speed with which it was accomplished constitute a great success story.

The modernization of signal units at above division echelons has also progressed very successfully. Other than item shortages, such as Communications Security (COMSEC) equipment, these ARNG units are quickly improving in terms of readiness and capability.

Mobile Subscriber Equipment (MSE) for ARNG Corps and Division Signal Battalions is on schedule as a Total Army program. ARNG units supporting III Corps begin receiving MSE in FY 89. MSE allows combat commanders to maintain effective command and control while maneuvering on the modern battlefield under conditions of high vulnerability to enemy electronic countermeasures.

The major communications shortfall which degrades "go to war" capabilities is the shortage of tactical FM radios. Since the AN/VRC-12 family of radios is no longer being manufactured and the fielding of the Single Channel Ground and Airborne Radios (SINGARS) will not begin until FY 90 (and then only on a limited basis) the shortage will become more critical.

MEDICAL EQUIPMENT

Since 1984, the ARNG has invested over $38 million in the modernization of medical and dental equipment sets. Modernization will continue in FY 89. This program has significantly increased the readiness posture of medical/dental units. This improved readiness, however, applies only to non-hospital units. In FY 90 the ARNG will begin to receive critically short hospital items such as: Dental Chair and Stool Units, Dental Equipment Sets, Dental X-Ray Units, Veterinary Sets, and X-Ray equipment.

To increase readiness within the hospital units, the ARNG is programmed to receive 25 sets of Deployable Medical Systems (DEPMEDS). Each unit will receive a Minimum Essential Equipment for Training (MEET) set at home station. A complete set for the unit is placed in POMCUS in Europe or is available from POMCUS Unit Residual Equipment (PURE) and Primary Mobilization (PRIMOB) storage in the Continental United States. Equipment at PRIMOB sites is not configured in unit sets and is considered War Reserves. Therefore, upon mobilization this equipment may be given to higher priority deploying unit perhaps leaving ARNG units without the necessary equipment. We need dedicated DEPMEDS to ensure mission capability upon mobilization.

AIR DEFENSE EQUIPMENT

From FY 89 through FY 92 air defense force structure will modernize its Air Defense Artillery (ADA) battalions as a result of conversions and activations. Duster/Stinger or pure Stinger battalions replaced four Duster battalions in FY 88. Two light ADA battalions, consisting of two Vulcan/Stinger batteries each, will be activated to support the Active Component's 6th Light Infantry Division in FY 89 and the ARNG's 29th Light Infantry Division in FY 91. The ARNG currently has two pure Duster battalions remaining which will be converted to either Chaparral or Vulcan/Stinger by FY 91. The five existing Chaparral battalions will be increased to eight in FY 89-90. Hawk battalions will also increase from one to four with the activation of three battalions, two in FY 90 (Florida and Ohio) and one battalion (South Carolina) in FY 91.

AVIATION EQUIPMENT

The ARNG is participating in the Army's Aviation Modernization Plan (AAMP). This plan includes 15 attack helicopter battalions (AH-64 Apache advanced attack helicopter) to be fielded to the ARNG. Four AH-64 battalions will be fielded by the end of FY 90 and the remaining eleven by FY 94. The modernization of CH-47A/B/C helicopters to the CH-47D has also begun with the ARNG receiving its first eight CH-47D aircraft in FY 89. By FY 94 the ARNG will have received 96 out of its required 112 CH-47D medium lift cargo helicopters.

Although the ARNG is beginning to modernize its ageing helicopter fleet, we are still faced with shortages that will impact on force readiness into the late 1990s. These shortages exist in attack, utility, scout and heavy lift units. In FY 90, the ARNG will have 33 corps or divisional units that require attack helicopters. Of these, the ARNG inventory of AH-1S Cobra helicopters is scheduled to increase with the fielding of Apaches to the Active component. As Apaches displace Cobras in the Active Army, the Cobras will be transferred to ARNG units. Cobra requirements are currently being filled by the outdated UH-1M which is not combat effective against the current Soviet attack helicopters. Approximately 150 AH-1 Cobra aircraft are required by ARNG units to replace the UH-1Ms over the next two years.

The ARNG continues to look at innovative ways to manage shortages in the ARNG utility helicopter fleet. The vast majority of the current fleet consists of over 1,100 Vietnam-era UH-1H aircraft. The AAMP addresses the problem of our ageing UH-1H fleet and over the next six years, will provide a limited number of UH-60 Blackhawks to ARNG units. Until the UH-60 is fully fielded the wartime capability of the ARNG utility units will suffer dramatically.

In FY 90-91, the ARNG will receive ten C-23, two C-12, and two C-26 aircraft as a result of Congressionally directed procurement. This will drastically improve our ageing fixed- wing fleet, however we will still be short 48 first line fixed wing aircraft to meet mission requirements. The balance of fixed wing requirements are filled by the substitute U-8/T-42 aircraft. This use of substitutes, again, places the ARNG in the position of having to train with ageing aircraft since over 50% of its fixed-wing fleet is more than 20 years old.

The ARNG is currently short 4,500 Night Vision Goggles (NVG) which could prevent aviators in the ARNG from achieving the goals of 100% trained and 50% current by FY 90. Until all ARNG aviators are NVG qualified and mission trained, units will only have night operational capability with selected crews. The impact on the Total Army's ability to achieve sustained NVG operations could be impaired if the ARNG does not meet 100% qualification.

ORGANIZATIONAL CLOTHING AND EQUIPMENT

ARNG Shortages in the Organizational Clothing and Equipment (OCE) Program are being reduced. By the end of FY 91 the ARNG will have reduced the shortfall to $255.7 million from a high of $560.4 million in FY 86.

A $51.2 million program to field the Personnel Armor System Ground Troop (PASGT) helmets was successfully completed in FY 88. By FY 88 ARNG units received or had on order over $30 million in camouflage screens and support sets. Although the requirement for camouflage support sets continues to increase, the fill-rate percentage will increase to approximately 95% by FY 90.

The fielding of the Combat Vehicle Crewman's (CVC) Uniform System and the Extended Cold Weather Clothing System (ECWCS) scheduled to begin in FY 87 was slipped to FY 89 or later due to funding constraints. ECWCS and other items are issued to improve survivability by providing state-of-the-art, weather resistant, camouflage and ballistic protective clothing and equipment for ARNG units.

Shortages in Chemical Defense Equipment (CDE) continue to be a problem. Shipment delays have resulted due to non-compliance with Government Acceptance Testing. The ARNG needs the 235,900 Battle Dress Overgarments which have been on backorder, some since FY 86.

MAINTENANCE

ARNG ground Operating Tempo (OPTEMPO) is budgeted at the necessary level to maintain adequate readiness. High priority units are expected to achieve C2 readiness levels. Lower priority units can maintain C3 levels. This OPTEMPO level is consistent with previous years and compares favorably with the Active Army ground OPTEMPO program. As the level of equipment and the level of effort increases, additional resources may be required.

The Air OPTEMPO is fully funded at 8.9 hours per crew, per month to ensure aviation readiness posture compares favorably with the Active Army Standards. Increased command emphasis on air and ground equipment maintenance has improved the ARNG capability to sustain the overall excellent readiness condition of equipment on hand.

Since 1986 the ARNG has operated a fully operational and provisioned 'warm base' European Aviation Classification and Repair Activity Depot (AVCRAD) facility at Brussels, Belgium. This facility is manned by AGR personnel and will be used for the 1107th Missouri AVCRAD to deploy to upon mobilization. Current plans call for aviation maintenance personnel from our California, Connecticut and Missouri AVCRADS to conduct Overseas Deployment Training at this site during FY 90 to enhance peacetime readiness.

In FY89 the ARNG assumes management of a ground maintenance facility at the General Support Center, Kaserslautern, Germany. Staffing will consist of ARNG, USAR and Active Army personnel. This facility will conduct required maintenance on U.S. Army Europe (USAREUR) equipment plus serve as a 'hands on' training center for ARNG maintenance units for equipment currently available in Europe. This Reserve Component Maintenance Training Facility will enhance both USAREUR peacetime equipment readiness and the training readiness of ARNG Combat Service Support maintenance units.

REPAIR PARTS

The FY 90 programmed repair parts funding allocation of $217.7 million provides a minimum level of vital combat essential repair parts that are used and stored at unit level to support mobilization readiness.

DEPOT MAINTENANCE

The FY 90 Depot Overhaul budget request of $64.5 million provides an increase of $10.5 million above the FY 89 funded level. These funds will produce major overhaul and modernization of aircraft, combat vehicles, trucks, engineer construction equipment, radio sets and electronics equipment. All essential depot maintenance programs are adequately funded and will provide increased reliability and sustainability.

D. READINESS

Readiness in the ARNG is at its highest level. In most cases, ARNG readiness closely parallels that of the Active Component, especially in the area of combat support and combat service support units. In FY 88 the ARNG expended $4.9 billion to reach a level where 81% of all ARNG units reported an overall combat ready status. In FY 89 we will increase funding 12.5% to $5.6 billion in order to maintain a creditable combat ready force. This level of readiness reflects an increase of 31% since our base year of 1985. These figures do not include units temporarily not ready because of Army-directed restructuring or reorganization. This increase in readiness resulted from intensive management efforts and dedicated procurement initiatives. The FY 90 budget of $5.6 billion reflects a no-growth posture which could impact on our ability to maintain the same readiness posture. The ARNG is looking forward to the challenge of maintaining these excellent readiness levels through the 1990s.

The primary catalysts for 90% of ARNG units reporting a deployable level of fill in equipment-on-hand as of January 1989 are the fielding of over $4.7 billion of equipment since 1985 and the ARNG's Equipment Readiness Analysis (ERA) program. The ERA program is a key element of the ARNG effort to manage and control equipment in support of readiness goals. This automated program redistributes equipment among units to improve ARNG overall readiness. Since January 1986, 480 units have been upgraded, and this upward trend is projected to continue as the ERA program is fully implemented.

The ARNG goal will be to continue the positive readiness trend experienced in FY 88 through the 1990s. Overall ARNG readiness is successfully managed by a Readiness Management Plan. Readiness issues are discussed and resolved at various levels which include: State Readiness Committees, chaired by a General officer; the ARNG Readiness Council made up of two representatives per Army Area; and the ARNG Force Readiness Committee which is chaired by the Director of the ARNG. Our readiness committee is designed as a unified effort to identify and report readiness inhibitors and strengthen ARNG readiness management polices. The ability of the ARNG to respond to the demands of improving readiness will be degraded, if equipment resourcing is not continued at a level which achieves attainment of a combat ready force.

E. OTHER

INFORMATION MANAGEMENT

Several significant events are taking place as the ARNG continues to upgrade and expand its automation efforts. At the United States Property and Fiscal Offices (USPFO) across the country, new Sperry 5000/90 minicomputers are being fielded during calendar year 1989. This equipment will replace outdated computers.

One of the most essential automation efforts that will affect the ARNG is the development of the Reserve Component Automation System (RCAS) which has been under the auspices of the Chief, National Guard Bureau since 1988. Over fifty percent of the Army's force structure is in the Reserve Components (RC). Unit level personnel must often input the same data to several different "stovepipe" systems or provide information in "hard copy". RCAS will provide the ARNG with an integrated automation system. RCAS will use state-of-the-art office automation, telecommunications, distributed processing capability to provide timely and accurate information for planning, preparation and execution of mobilization.

The ARNG has also expanded the use of electronic mail, data transfer, and software distribution to speed coordination and reporting response time. Through the use of commercial electronic mail networks, the ARNG has been able to reduce telephone and mailing costs. This service has been expanded to all States, Territories, and overseas major commands.

The ARNG Information Management Plan (IMP) provides a comprehensive list of 165 major initiatives needed to fully automate the ARNG. In FY 89, the ARNG received funding to continue developing data bases and applications identified in the IMP. In FY 90, $14.1 million is budgeted to support such IMP initiatives as implementation of the Air Force Pay system for the ARNG and Fiscal Reporting systems.

FACILITIES

The FY 89 military construction budget requested $138 million for 80 projects. This budget was adjusted by Congress by adding $91 million for 33 additional projects including armory unit storage buildings, indoor rifle range modernization, additional minor construction, and planning and design efforts. The total authorized program included 50 armories; 19 equipment maintenance shops; 30 ranges, barracks, support facilities and training site improvements; seven aviation support facilities; three USPFO facilities; and Phase II of the new Army National Guard Center.

The FY 90 budget request of $125 million includes authorizations for: 27 armory projects in twenty states; 12 equipment maintenance shops; 14 training site facilities; 12 new multipurpose and record fire ranges; three United States Property and Fiscal Office (USPFO) support facilities; and upgrades for five existing aviation facilities. Additionally, $7 million was provided for armory unit storage buildings at locations yet to be identified. The FY 91 budget request provides for 27 armory projects in twenty-two states; 12 equipment maintenance shops; 10 training site facilities; seven new multipurpose and record fire ranges; 10 support and vehicle storage buildings; and upgrading four aviation facilities. Also included is $10 million for armory unit storage buildings and $12.8 million for modernizing indoor rifle ranges at locations yet to be identified.

The backlog of construction for the ARNG is $2.66 billion. This is divided into two areas: $1.76 billion for approximately 800 new armories and $900 million for modernization and upgrading over 300 existing facilities to current safety codes. Constrained resources and new requirements driven by force structuring initiatives will continue to increase this backlog. With a backlog of over two billion dollars, the life cycle of an armory will increase to over 100 years before replacement can take place. This backlog will also create increased demands for both state and Federal Operations and Maintenance funds to continue leases, operation of inefficient facilities and for the exploration of innovative alternatives for facility acquisition.

With continued constrained resources the ARNG is giving emphasis to modernizing existing facilities where economically practical, or placing new units at existing armories as alternatives to new construction. Priority for construction is given to new force structure and significant changes in the existing structure, new combat equipment, expansion of the training base to include modern ranges and troop support facilities, and renewal or replacement of critically obsolete armories.

Compliance with the Environmental Protection Agency's (EPA) regulations continues to be a concern for the ARNG. Current EPA regulations require a leak detection program be conducted of all petroleum or hazardous substance underground storage tanks. To effectively implement a underground storage tank replacement, corrosion protection, spill/overflow prevention and leak detection monitoring system for the 3,587 underground storage tanks at ARNG facilities would require an investment of approximately $10 million each year for the next ten years.

SAFETY

Each year the ARNG develops and implements an all-encompassing special emphasis campaign based on past accident experience. Using films, videotapes, posters and other innovative media, specific countermeasures are developed to reduce adverse accident trends. During FY 88 the ARNG experienced a 26 percent reduction in Class A through C accidents, a 41 percent reduction in fatalities, 36 percent reduction in privately owned vehicle fatalities and a Class A accident rate of 1.00 per 100,000 hours flown. The Class A through C aviation accident rate was 3.75, the best in ARNG history. This compares quite favorably with an Armywide rate of 1.84 for Class A accidents and a 5.01 for Class A through C aviation accidents.

V. CONCLUSION

The task ahead is not an easy one. In the face of constrained budgets, the challenges facing the ARNG will be even greater than in the past. The ARNG has grown and improved considerably in the last ten years. We must now consolidate our gains to maintain the momentum that has been built over the last decade. Since the late 1970s, the ARNG has become increasingly more important in our nation's defense. A combat-ready ARNG in the 1990s becomes even more essential.

Current budget constraints prevent the ARNG from achieving the best possible readiness posture and continued cuts will impact on our ability to maintain our current high level of readiness. To continue to support the individual soldier and ARNG units I want to direct any increases in resources to sustain or increase readiness. To accomplish this, I have established the following priorities: increase full-time manning; increase Operating Tempos; increase participation in training exercises sponsored by both the JCS and Active Army; and continue to modernize the ARNG equipment inventory.

The ARNG is a combat-ready force due to the dedication of all involved. The individual soldier has been willing to train extra hours and, when required, to deploy to distant training areas to gain as much expertise as possible on the latest techniques and equipment. The leadership of the ARNG is committed to finding new and innovative ways to train, motivate, and provide the best combat ready force for the least cost.

The Army has been fully supportive of the ARNG as an equal partner and has provided the latest equipment and unparalleled training opportunities. The Congress has been willing to direct the necessary funding to crucial programs which make the ARNG a vital part of the Total Army. The partnership between the ARNG, the Army, and the Congress has worked well to fashion an ARNG fully capable of serving as an equal partner - an "Army on Call" - for this nation's defense. We - The Army National Guard - seek your continued support as we move into the 1990s.

Senator Exon. General, that was a very interesting report and I appreciate it, and I appreciate your remarks that this committee has supported the Guard and the Reserve when others did not. And we will continue to do that in the future.

I am encouraged by your report. And since I have been close to the Guard for a long, long time I am glad to hear that.

I guess the problem that we have is, and we know your additional needs, and I appreciate your citing them.

It seems, though, that if the other Reserve forces are in relatively as good a position as you have just cited for the Guard, then the CINCs do not seem to know it. And maybe some of the problem, Mr. Chairman, is the fact that the CINCs do not seem to have as full appreciation for the roles that you can play, as maybe you can. And maybe, therefore, there is an internal problem here that needs to be straightened out, and have better understood than we seem to right now.

Mr. Duncan. Senator, could I address that? I think the misunderstanding is this—there is not a Reserve problem. It is an Army problem. What we have is a combat support, combat-service support problem. And 70 percent of the units, approximately, that the Army needs for combat support and combat-service support are in one of its Reserve components, the Army Reserve, not in the Army National Guard.

So there is a distinction between the two Reserve components in the Army, and we have got to give some help to the Army Reserve to get at the resourcing that it needs to solve that problem.

Senator Glenn. That is correct, and on my next turn I was going to make mention of that. That the Army National Guard—you are at a much higher percentage readiness than the regular Army Reserve is.

Senator Exon. How does that fit over into the Naval Reserve?

STATEMENT OF REAR ADM. F.N. SMITH, USNR, DIRECTOR OF NAVAL RESERVE

Admiral Smith. We are in good shape, sir.

Senator Glenn. Hold the mike up there, if you would please, so everybody can hear.

Admiral SMITH. I believe that we fit the definition that you gave, Senator Glenn, when you said we ought to have Reserve forces that are ready to go any time.

I submit that every part of the Naval Reserve is ready to go to war today.

If I look at the combat readiness of our ships, we are comparable with the fleet.

If I look at our air wings, we are comparable with the fleet. I think we prove that routinely.

We have got P–3 squadrons deployed now in the Mediterranean and Westpac. We are operating on top of Soviet submarines now.

I was there 2 weeks ago. I was there while they were on two of them, and that is routine.

We have parts of our carrier air wing operating in UNITAS right now.

We saw Reserve Forces in the Persian Gulf, minesweepers, frigates; we saw a special boat-unit personnel, we saw intelligence personnel, and cryptologic personnel performing in the Persian Gulf in a wartime combat environment, routinely carrying out the job.

When the Navy puts something into the Naval Reserve, it does not give up readiness. It gives up the flexibility of deploying that force. And it also raises the question to the CINCs of whether or not they are going to be able to use those forces in a crisis situation short of war.

And we have not addressed that. That should be assured to them.

If we put forces into the Reserve, then the force commanders, the fleet commanders should be able to look at those ready, capable, well-resourced—and we are well-resourced in the Navy—forces as being accessible immediately to them at any time that they need those forces.

I would also like to comment on Senator Glenn's statement regarding pilot shortage.

Senator, I submit that we will have a pilot shortage if we extend the obligated service of active-duty pilots. I submit that we ought to look closely at that, and perhaps keep the current active-duty pilot obligation and add a SELRES obligation to that, rather than an extended full-time obligation.

Senator GLENN. Admiral, I did not follow you there in the last part.

Admiral SMITH. All right. The discussion regarding solving the pilot shortage by keeping them on active duty longer, extending their commitment.

Senator GLENN. Well, there is a whole program we have outlined here. That is just one part of it.

Admiral SMITH. Yes, sir.

Senator GLENN. Aviation career incentive pay and aviator retention bonus.

Admiral SMITH. That part would hurt us. And I am not so sure it would be good for the active-duty forces either. And what I would submit is, I would like to see a program that says, keeps the 7 years, or whatever is decided, but add to that a 3-, 4-, or 5-year Reserve obligation as it fits the needs of the Reserve.

[The statement of Rear Admiral Smith follows:]

STATEMENT OF
REAR ADMIRAL F. N. SMITH, USNR
DIRECTOR OF NAVAL RESERVE

Mr. Chairman and members of the committee:

I am pleased to once again have the opportunity to appear before your committee.

I would like to begin by paying tribute to the members of this committee for your support of the Navy and your understanding of the role the Naval Reserve plays in our national defense. When I first came up here over four years ago as a recalled Selected Reservist, I felt a strong obligation to bring to you an accurate report of our status in pursuit of readiness for mobilization and a clear picture of future obstacles and requirements.

Looking back at the progress that the Naval Reserve has made as a part of Navy's Total Force -- I can say without reservation that it would not have been achieved without your strong direction and follow on support. On behalf of Navy and all our Reservists, I thank you.

It is tempting on the occasion of these hearings to go on at length about details of the progress we have made in the past year. And, no doubt about it, we are a stronger and more ready

Naval Reserve because of what was done in 1988.

But I will pass up the opportunity to go into great detail now, and before I look back and summarize some of the areas of last year's progress, I would like for a moment to look ahead, to look at what I see the future holds for the Naval Reserve.

We all know, we have to plan now for Naval programs that will become reality in the next decade and, indeed, the next century. One of the things we don't have to do is convince each other that a strong Naval Reserve is a vital part of our military force.

Fortunately, we agreed on the value and importance of the Reserve program years ago. So that today, the Naval Reserve is a respected and well-established part of our defense force, an economical and proven way to maintain ready force structure and support our Active Forces. For the cost of 3.1% of Total Obligational Authority (TOA), the Naval Reserve provides Navy a 20% force personnel multiplier plus all the ships, aircraft and other equipment capability in the Naval Reserve.

Today's Naval Reserve has increased by more than 50% in the 1980s concurrent with the growth and modernization of the fleet. Most of those years saw increased investment in defense.

The growth of all Reserve Forces started in the late '70s as an essential part of our national defense deterrent and critical to national policy in the event of mobilization. During this growth little, if any, thought was given to the need for the Reserve, short of preparing for total mobilization. Defense budgets were adequate enough for the armed services to retain on active duty at least parts of most wartime mission areas even though the likelihood of their need in peacetime was very slim.

But now things have changed. The likelihood of total mobilization is lessening while the probability of low intensity conflict or emergent operational missions remains high. Defense spending is under close scrutiny and there is widespread discussion about putting more into the Reserve.

And so we should ask, what is the future role of the Naval Reserve? What is the proper force mix of active duty and Reserve? Can the Naval Reserve take on additional missions? It would be easy to attempt to resolve some of the very serious budget problems that challenge us this year by saying: "Let's put this program in the Reserve and give them half of that program, too."

Make no mistake, Mr. Chairman. We stand ready to accept any program that Congress mandates. And you have my assurance that we in the Naval Reserve will do our best to provide an environment in which that program maintains fleet standards.

But, as Chief of Naval Reserve, I believe that I have an obligation to Navy and to Congress to present some cautioning concerns before such actions are considered.

There are limits as to which programs can effectively be placed in the Naval Reserve, especially given the manpower constraints under which we operate. In other words, if Congress wants to give the Naval Reserve additional responsibilities, there must also be a recognition that we will need more active duty manpower and operating funds for those programs. That's probably the obvious.

But what may be less obvious, Mr. Chairman, is what I call the "hidden question" that is part of every decision to assign a new responsibility or missions to the Reserve. That question is, "Will those Reserve assets be available if needed short of total mobilization?"

Let me now turn to a summary of progress we have made in the Naval Reserve over the past year.

As the size of our force stabilized in 1988, we accelerated our effort to improve its quality. The results have been striking.

Our bottom line has always been readiness -- "Are we ready to join the fleet and hit the deck running." Today I am happy to report that our readiness has never been higher. Surface reinforcing and sustaining unit readiness showed that 76 percent were rated at R-1 or R-2, the highest levels. That is a sharp increase over the 47 percent at that level at the end of Fiscal Year 1987 and 58 percent at the end of Fiscal Year 1988. That readiness improvement is a direct result of better training. The training initiatives in our Surface Program to Upgrade Readiness are showing results. The readiness of Naval Reserve ships, air squadrons and other commissioned units continues at a comparable level with active duty counterparts.

For Fiscal Year 1990, a Selected Reserve end strength of 153,400 is requested. This includes 22,708 active duty Reservists who provide the vital full-time support needed to train our Reservists. This is a slight increase from the Fiscal Year 1989 request which called for 152,600 end strength and 21,991 full-time support personnel.

With our new Reserve Recruiting Command we will be more effective in the tougher recruiting environment and will target our recruiting effort to fleet experienced sailors with the specific skills and qualifications. In addition, we will maintain our effective recruiting of medical personnel. Last year we exceeded our goal in the Selected Reserve for physicians and achieved 90% of the nurse goal. This Fiscal Year we are over objective in both.

Like all bureaucracies, ours has had its share of problems with paperwork. Automation to limit the time spent on basic administration has been one of our major initiatives -- and, I'm very happy to say, one of our greatest successes. We're using a new management information system and data processors to reduce paperwork and administrative tasks, thus freeing our sailors to spend more time training.

As we have grown in the Naval Reserve by more than 50% in the past seven years, we have also allowed advancement stagnation to creep in. Many of our junior enlisted, the lifeblood of the Naval Reserve, are becoming disenchanted by poor promotion opportunities. The top of the pyramid had become too large. We are correcting that with a "High Year Tenure" program which directs that people either earn promotions in a reasonable time or drop out of the Selected Reserve. We'll phase this program in over several years so there won't be any unfair hardships and individuals will have a reasonable opportunity to meet the criteria for retention.

The bottom line on all these changes will be a younger, better trained enlisted corps, that is more responsive to fleet needs, and more ready to serve.

We are continuing to delegate authority down the chain of command to give our commanding officers more freedom to make decisions closer to the people who benefit from them -- the individual Reservists.

In the area of hardware units there have also been changes and advancements.

The transfers in the Pacific Fleet of one FFG-7 and one FF-1052 class frigate, scheduled for FY-88, were delayed, because of Mideast Force requirements. They are now scheduled for September 1989.

Under the proposed amended budget submission presented to Congress, 24 additional FF-1052 class frigates will be phased into the Naval Reserve Force between FY-90 and FY-93. Four FF-1052s will be transferred in FY-90, followed by six in FY-91, seven in FY-92 and seven in FY-93. With the transfer of 2 FFG-7 class frigates in FY-90, this will bring our NRF Frigate Force level to 18 FFG-7s and 32 FF-1052s.

The Naval Reserve is also programmed to add three amphibious ships, an LST, LPD and LSD between FY-90 and 92. This current plan will bring the number of ships in the NRF to 78 by FY-93, up from 48 in FY-89.

In the Naval Air Reserve, we completed the transition into the F-14 Tomcats, and have begun the transition to A-6E Intruder all weather medium attack aircraft and KA-6B tankers.

In October we commissioned the first of two Helicopter Combat Support (Special) HCS squadrons. They will fly the new HH-60H aircraft that combines many missions previously flown by different squadrons. Our second Helicopter Mine Countermeasures (HM) squadron is scheduled to stand up during the current year.

The major aviation problem we see is that our P-3 Force, the P-3As and the P-3Bs that are so vital to our maritime patrol program, are getting old. The amended budget submission for FY-90 will retire 73 of the oldest P-3As and P-3Bs in the Navy. The resulting reduction in Naval Reserve MPA aircraft will leave us with a total of 78 P-3Bs and P-3Cs, 66 of which will reach the end of their service life by the year 2000. Timely introduction of the P-7A (LRAACA), the P-3C replacement aircraft, and the

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ensuing fallout of P-3Cs are critical to provide sufficient MPA assets to the Naval Reserve.

In addition to actual accomplishments, your efforts to date on improving Reserve management through the establishment of a Reserve Officer Personnel Management Act (ROPMA) has our total support.

That, in brief, is where we stand, Mr. Chairman.

We have a much improved, more capable Naval Reserve. Our growth has stabilized and we are working on major initiatives to improve the quality of our personnel and the training they receive.

I have seen our Reservists in action this past year in the heat of the Persian Gulf and the cold of the Norwegian Sea. They are outstanding men and women, the pride of our nation and, most certainly, my pride. It has been my pleasure to have led them, with your help, toward a better and more responsive role in the national defense.

Now I will be happy to answer your questions.

Senator Exon. Good point. Thank you, Admiral. And thank you gentlemen for your responses.

General Ward. Senator, could I add one thing?

Senator Exon. Yes, go ahead, General.

General Ward. General Burdick has lumped together the issue of the two Reserve components on the Army side.

I would like to add an observation of that. We are not much different from the Army National Guard with respect to things like a MOS qualification.

I currently have 21 percent of the force that is not MOS qualified. We still have the same 10 to 12 percent who are training in their MOS right now, in initial active duty for training and in other longer schools.

That remaining, roughly, 9 percent is made up, mostly, of people training in MOSs for which there is no active-duty counterpart.

Reserves have about 350 such MOSs. About one-third of them, or slightly more than a third, are military occupation specialties that do not exist in the Active component.

So I cannot turn to the Active component and say, send me a railroad train man. I have got to take an infantryman, get him into a unit, turn around and send him off to railroadmen's school.

So we have in the Reserve a large number, say one-third of our MOSs that are Reserve unique. It is not that much in terms of the number of the positions—about 5 percent of the total, for which there is no training activity that goes through the TRADOC school systems.

We have TRADOC working with us in finding methods of validating these in civilian-acquired skills, and a number of other areas. And we are being fairly successful at that.

But that is the main thing that accounts for that kind of a gap.

A sage-old soul in the Pentagon told me not long ago, that one way of moving shortages so they are not visible, is shoving them into the Reserve components. And we are not unhappy to do it because we have civilian-acquired skills ability to fill that need better than could be done in the Active component.

It is very hard to train somebody on active duty in a skill or training area, when there is no infrastructure to support it. But that is a reality, and it is a reality that speaks to the requirement for enhanced resourcing in those areas.

And many of those things—for example, there are five major initiatives in the medical area that are in the pipeline, that were started in the last 2 years. They all look like they are making great sense, but it is an awfully long way up that hill.

We do think we will have the in-unit doctor shortage fixed within 3 years, and the nurses in 5 to 7, maybe a little bit less. But without those programs we would be making no progress and in fact, going backwards. And we appreciate this committee's support of those programs.

That does not speak to the overall mobilization shortages.

Senator Glenn. You see, I deplore your colleague's comments that you cover things up by pushing them into the Reserve or the Guard or something. I know it was not your comment. You said someone told you that?

General Ward. That is right.

Senator **Glenn**. It is a lousy mentality if that prevails around the Pentagon.

General **Ward**. Well, no, he happens to be a reporter for one of the local newspapers. Not local. My hometown newspaper.

Senator **Glenn**. Well, I deplore it, just as well, whoever said it. When you get to combat, you are not going to cover up your shortages. You are going to get at them and you better be ready to go and that is it. And that is the bottom line.

So we are either ready or we are not ready, and I hope the shortages are being taken care of.

EQUIPMENT NEEDS

General Burdick, on the things that you mentioned there, are the increases that you need in your equipment and so on—and General Ward, too, are the increases in equipment you need and we are talking about here today, are they reflected in the budget that has been submitted to us?

General **Burdick**. Again, General Burdick, Director Army Guard. We have indicated our equipment needs in the budget.

I think another thing I would like to point out——

Senator **Glenn**. And did they get included in what we got over here on this side of the river?

General **Burdick**. Sir, they are included, certain items are included in that dedicated procurement list that you received and that has been coordinated with the Department.

You know, I think there is another thing we have to keep in mind—we are going to continually, you know, modernize. Let us just take our field artillery in the divisions.

We have 8-inch batallions in each one of our divisions right now. You know, the Guard contributes 10 divisions that are wholly Army National Guard divisions. Except for one of our light divisions, the 29th, each of these divisions should have a battery of MLRS. Now, today we have 8-inch howitzers in lieu of these. That is something that we have to look forward to in terms of modernization. We have got to modernize our Army National Guard.

So, yes, we could go to war today. But we would go to war with not the best equipment to protect the soldier and to win the war on the battlefield.

We have Cobra aircraft in the Guard today, where the latest attack helicopter aircraft is the Apache, and we have to move toward that. Are we doing that? Yes, there are plans for this.

But, again, these are plans. So we have to keep our eye on the Reserve components in terms of continuing modernization.

And we have got to ensure that we get this necessary equipment that is needed and in a timely fashion, too. So we are not there yet, but can we go the war? Yes, we could.

General **Ward**. Senator, as you well know, I fully support the budget submitted. A question, with respect, does it include all the items for instant readiness? It does not. It was not expected to. It should not be expected to.

There have been requests for a stratification list of equipment needed for early-deploying units that could be absorbed within the next 2-year fiscal business. That has been provided.

There are some long-term out-year requirements that the Army has reflected in their plan, in which we hope by the time it gets to budget that those will be fulfilled. And they aim at the 1990, by early 1990s number I talked about with respect to readiness and equipment on hand.

We also hope those initiatives will be reflected in the Reserve forces training strategy which aimed at things like training those 130-something MOS's that exist only in the Reserve components. That those can be—will be—funded on a continuing basis in the out years, because they will make a whopping difference in those readiness percentages as measured by the USR, which is the management tool we get to get there.

And I appreciate your support in that area.

Senator GLENN. We will address the Total Force thing a little bit later here.

RESERVE MEDICAL SHORTFALLS

Mr. Duncan, I do not like to get back too much on the medical shortfall numbers particularly because we had a whole hearing on that the other day. But there was one thing that came up at that hearing that made me wonder again about the whole Total Force Concept.

We had the hearing on June 5, and I asked Mr. Newhall, the witness representing OSD's health affairs, about the Reserve medical shortfall numbers that I have been using. They were DOD numbers reported in 1986. As I said before, 7,000 physicians short; 31,000 nurses short.

Mr. Newhall's answer shocked me a little bit. He essentially said that he was unsure of what the current shortfalls were because DOD had not determined its specific wartime medical manpower requirements with sufficient rigor that he could give an answer in which he had confidence.

Now, if you take that kind of reasoning, if that is going on in medicine over there, you know, we either have certain wartime requirements or not. And that is how we assign artillery batallions, and all the trucks that you are short, and everything else, is because we think out of our past experience, and the way we are organized now, that we need certain equipment, certain manpower, certain MOS's and certain medical support, and so on.

And he is saying we have not defined this sufficiently that he could give us an answer as to what is needed. So he was not sure that the 7,000 and the 31,000 short were valid figures.

Now, is this the way we are implementing the Total Force Policy, that we just sort of let this figure of what we need in certain areas float around like a floating crap game of some kind? We just have a figure one day and we are not real sure that is what we need if we go to combat the next day? That was basically what he was telling us, as I understood it.

Mr. DUNCAN. Let me speculate and I will have to speculate, Senator, since I was not here. But I think I understand where he was coming from.

Go back to 1986. There was a casualty estimate made within the Department of what our medical, our wartime medical manpower needs would be in a conflict that was the biggest conflict we could envision—probably a general conflict of large magnitude on the plains of Europe. We came up with the 7,000 shortage of physicians and the 31,000 nurses, and so forth.

We have been working with those numbers, but I will tell you that in the course of addressing the shortages over the last few years, there is wide disagreement about casualty estimates. I have been rather outspoken on that. There is nothing magic about any particular estimate, but what we have to do, is have a base point that we all agree on.

What has happened is, the several parts of the office of the Secretary of Defense, i.e., PA&E, FM&P, Health Affairs, and our office, have been working over the last few months to come up with a casualty estimate using methodology that everyone feels comfortable with. That is, to arrive at a number that we all feel is a good, accurate estimate of the kinds of medical needs we would have in a conflict of that size. The worst-case scenario. I expect that we will have answers shortly after the first of the year. Answers that are specific estimates of needs and, therefore, specific estimates of what the shortfalls are.

As I understand Mr. Newhall—I believe he said that we have a shortage in the neighborhood of 1,300 to 3,600 physicians. And I guess, yes, that is where we are, but I am very hopeful that right after the first of the year we will have a number and a methodology that everybody feels comfortable with.

The basis of our requests for resources and everything we do, the driving point, is our best judgment of what the casualties would be in a particular conflict, and what medical manpower we would need to treat those casualties.

What we are doing is going through the process of saying that instead of assuming forever and a day that the methodology that was employed a few years ago and that came up with that number of 7,000 and 31,000 is perfect, rather let us make sure that we have the best thinking available to make our estimates.

I expect that we will have a number that everybody feels very confident of some time after the first of the year.

Senator GLENN. Well, and along that line, I know that the NSC, Brent Scowcroft is conducting a national strategy review at the direction of the President, and I would presume that gets passed along to you with new requirements, also, or lessened requirements in some areas, increased in others.

It is going to be issued as NSR-12, I believe. And in large measure that should address the mission versus resources problem, which is another definition for a total force policy, as I understand it. I think that is long overdue and what we have been asking for here for a long time.

Mr. Duncan, in your testimony before the Joint Hearing on Manpower, Readiness and the Conventional Subcommittee on May 16, you indicated that the DOD study on the Feasibility and Desirability of the Assignment of Additional Air Missions from the Active to the Reserve components in the Air Force would be submitted to us in a week or two.

The study was originally due on January 1 of this year. What is the status of that study? We have not received that yet.

Mr. DUNCAN. Well, I will offer a personal apology to the Senate on that. I was led to believe, absolutely, that we were within an eyelash of delivering it. I thought that report would be delivered that week, or perhaps the following week.

I learned to my chagrin, about 48 hours ago that it had not been delivered, for some last-minute things that were a result of reviewing it one more time in light of the President's proposal at the meeting. That has been reviewed. I understand that the document is on the desk of the Secretary of Defense right now. He is returning from Europe today.

I would expect—again, Senator, I will do all I can to make sure that it gets here pronto. I thought it was going to be here 2 weeks ago, I am led to believe that, as soon as he signs it we will have it here promptly. Hopefully, that will be the first part of the week, or next week, at the latest.

Senator GLENN. We understood the PA&E office in OSD had originally prepared a study. In fact, they sent us over a draft of that study. Did your office play a role in the preparation of that study?

Mr. DUNCAN. That study originated in PA&E and then it was managed within OSD by FM&P. But, yes, my office played a role in that study. It has gone through several drafts and so forth, but it started in PA&E.

Senator GLENN. But you basically agree with that original study?

Mr. DUNCAN. Well, there have been so many drafts. If you say the original draft, I would say no. But do we agree with the study that is going to be sent over here from the Secretary of Defense? The answer is yes.

Senator GLENN. The original study, the original PA&E study suggests that the Air Force Reserve and Air National Guard have the capacity to absorb the added missions suggested in the study. Do you agree with that?

Mr. DUNCAN. Well, I agree in the case of the air components. Yes, there is a large capability there. It is not that we necessarily disagreed with the conclusions, in even the original draft. But some of the analysis, I thought, could have been improved and I think it has been improved.

EUROPEAN CONVENTIONAL FORCE REDUCTION

Senator GLENN. After President Bush's recently announced the European conventional force reduction initiative, it appeared to us that perhaps this relocation of the 401st HAWK without going through the Crotone base, bring them back and spread their equipments out to the Guard and Reserve—is that something that you are looking at now and what do you think of that?

Mr. DUNCAN. Well, as I said in the hearing last month—I think it was on May 16 when I was before you—if you ask me about the capabilities of our Air Forces, our Reserve component Air Forces, the Air Guard and the Air Reserve to perform, I have no doubts about that whatsoever. But added into that equation, must be the very important element of forward deployment, and that is a decision that has to be made above my pay grade.

But, obviously, when you decide whether those forces could be brought back and put in the Reserve components, from a capability standpoint, I expressed the view then and I believe now, that those are very capable Air Reserve units.

But the forward-deployment question is one of paramount importance that the President and the Secretary have to address, aside from all of our alliance relationships and all of the other factors that we discussed at that hearing.

Senator GLENN. General Killey, under the three Reserve substitution options discussed by the CBO Congressional Budget Office witness at the May 16 hearing, the Air National Guard would have to increase its selected Reserve drill strength by an additional 2,000 to 6,000.

Would the Air National Guard be able to man the increases these Reserve substitution options suggest?

STATEMENT OF MAJ. GEN. PHILIP G. KILLEY, DIRECTOR, AIR NATIONAL GUARD, HEADQUARTERS, U.S. AIR FORCE

General KILLEY. Senator Glenn, currently, we are at 99.6 percent of our program's end strength for this year, and we fully anticipate to make our end strength. Any increases, I think in any of the Reserve components of that size will be difficult to fill. But I fully would say that we can meet those requirements, if tasked to do so.

But, obviously, the competition among the Reserve components and the Active components, as well, for a limited resources, becomes more severe each year.

[Statement of Major General Killey follows:]

STATEMENT OF: **MAJOR GENERAL PHILIP G. KILLEY**
DIRECTOR, AIR NATIONAL GUARD
HEADQUARTERS, UNITED STATES AIR FORCE

AIR NATIONAL GUARD

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, as the newly appointed Director of the Air National Guard (ANG), I am pleased to have the opportunity to appear before this committee and report to you on our status.

The Air National Guard is unique among the world's reserve military air forces in that we perform both a state and a federal mission. We provide the states with a disciplined force trained and equipped to protect life and property during natural disasters, civil disorders and other emergencies; we also provide the nation with an effective, economical military force for the national defense. The continued modernization of our aircraft and equipment is essential in maintaining the high standards we have established in performing these dual missions.

STATE MISSION

The State mission of the Air National Guard is to provide assistance to civil authorities during periods of domestic emergency. During FY 1988, 500 Air National Guard men and women expended nearly 5,800 workdays performing missions involving humanitarian support following natural disasters, search and rescue operations, airborne fire fighting support, emergency power and water supply, and evacuation of critically ill or injured persons.

In response to a Congressional mandate, the Air National Guard supported federal, state, and local law enforcement agencies in the war against drugs. This support, conducted primarily during scheduled training, included radar and visual surveillance of suspected drug trafficking aircraft and vessels, air transportation of law enforcement officials, and the loan of specialized equipment.

FEDERAL MISSION

Our Federal mission is to train combat flying units, combat support units, and the personnel needed to support wartime requirements. As a full partner with the Air Force, we perform operational peacetime missions at home and overseas that are compatible with our training and mobilization readiness objectives. We train to fight and win.

As an integral part of this Nation's Total Force, we maintain readiness through diligent peacetime training in all aspects of our wartime missions. Under the Total Force policy which integrates the active duty, National Guard, and reserve components into a single military force, America places increasing reliance on the Air National Guard in meeting national defense objectives. An indication of this greater reliance is found in the proportion of the FY 1990 force structure entrusted to us:

Tactical Fighters: The Air National Guard will provide over 24% of the Air Force's tactical fighter assets in FY 1990 ranging from the F-4 Phantom to the F-15 Eagle and the F-16 Fighting Falcon. Of the thirteen A-7D squadrons, three are equipped with low altitude night attack (LANA) capability.

Strategic Interceptors: The Air National Guard is the primary partner in aerospace defense, and will be supporting over 90% of the Continental United States peacetime alert in FY 1990. Our forces will account for 21 of 23 continental air defense alert locations, providing the North American Aerospace Defense Command (NORAD) its core fighting force. Additionally, peacetime air defense forces are provided to NORAD by Louisiana ANG F-15s, and to Pacific Air Command by Hawaii ANG F-15s helping to defend America's southern and western flanks.

Tactical Reconnaissance: The Air National Guard RF-4C reconnaissance force makes up 49% of the total Air Force tactical reconnaissance capability.

Tactical Air Support: Approximately 42% of the Air Force's tactical air support will come from Air National Guard OA-10 and OA-37 squadrons. Additionally, we will provide three air support operations centers, 60 tactical air control elements, and 40 air liaison officers to priority Army Guard and Reserve maneuver units.

Tactical Airlift: With 36% of the total tactical airlift forces, the Air National Guard will continue to provide substantial airlift support, including joint airborne/air transportability training; airdrop and airland delivery of troops; equipment and supplies; as well as a tactical aeromedical evacuation capability.

Strategic Airlift: One Air National Guard C-141 unit and one C-5A unit continue to provide a significant contribution toward meeting the strategic airlift requirements of the Air Force.

Aerial Refueling: The 13 Air National Guard air refueling units with 118 KC-135s comprise 19% of the Air Force's air refueling assets. Capable of immediate response to tasking, 19 tankers are on alert prepared to support Strategic Air Command's Single Integrated Operational Plan (SIOP).

Aerospace Rescue and Recovery: Three Air National Guard combat rescue units make up 23% of the Air Force rescue and recovery capability. Our newest unit, the 210th Aerospace Rescue and Recovery Squadron in Alaska, will possess four new MH-60G helicopters and two

HC-130 tankers. The other two units, also modernizing with the MH-60G helicopters, support the space shuttle program as a unique part of their rescue mission. All three units train for war while providing peacetime rescue and recovery for both military and civil emergencies.

Operational Support Aircraft: The Air National Guard's Operational Support Aircraft (OSA) fleet is wartime tasked. OSA operate in peacetime as an integral part of the Military Airlift Command's (MAC) support airlift system.

Electronic Combat: We continue to upgrade the electronic combat capability of the eight EC-130E aircraft assigned to the Pennsylvania Air National Guard.

FLYING UNITS

With over 1,700 aircraft, Air National Guard flying units perform a variety of missions throughout the spectrum of Air Force missions. Our 91 major flying units are listed by mission area in Table 1.

While the structure of our flying units remains stable at 24 wings and 67 groups, over one third of our units will undergo aircraft modernization by the end of FY 1991. In addition, several units will assume new roles or missions. Table 2 lists those ANG units which will change their assigned aircraft forces during the fiscal year indicated.

MISSION SUPPORT UNITS

The combat effectiveness of the Air National Guard flying mission is directly dependent on the mission support provided by the non-flying units. We have 283 geographically separate or separately deployable units which provide communications, weather, and civil engineering support to the active Air Force, Army, and reserve components. An additional 307 units are collocated and integrated with our flying units to provide primarily medical, security, and aerial port support. Table 3 shows our current mission support units.

We are undertaking a medical service expansion in response to the second echelon (2E) requirements. The 2E is the first opportunity for battle casualties to receive medical care. This care, primarily stabilization, will return wounded soldiers to duty or prepare them for evacuation to the next higher echelon of support where definitive medical/surgical intervention will be available. Our 67 medical units that are identified with second echelon (2E) tasking represent 48% of the total force 2E capability in event of full mobilization. The cornerstone of 2E medical treatment is the Survivable Collective Protection System - Medical (SCPS-M). The Air Force Surgeon General provided the medical service of the Air National Guard with the prototype model of the SCPS-M, a state of the art medical readiness training platform currently located at the Air National Guard Field Training site in Alpena, Michigan. The SCPS-M is in place and should be prepared (with full-time training personnel) to receive incoming 2E tasked Air National Guard and Air Force Reserve medical units this summer. This Air National Guard asset is one of only two that will be located within the Continental United States, attesting to the active force confidence in our medical service. Fifteen medical and ten aeromedical evacuation units deployed a total of 791 personnel to overseas locations during FY 1988. These deployments were in response to Joint Chiefs of Staff exercises, major command taskings and overseas annual training initiatives locations in Europe, Korea, Honduras, and Africa.

Our 98 civil engineering (CE) units - specifically four civil engineering heavy repair (RED HORSE) units, three major command/numbered air force staff augmentation flights, and 91 civil engineering squadrons - are trained and equipped to accomplish such tasks as wartime theater construction management for rapid runway repair, force beddown and base recovery, and major heavy repair. Civil engineering squadrons receive "Base Recovery After Attack Training" at Eglin AFB, Florida. Peacetime alteration and repair projects at locations throughout the world sharpen wartime skills and result in the completion of urgently needed projects for both active and reserve component units.

An important part of our support comes from our 154 service elements, trained to provide the vital wartime services of billeting, food service, laundry, and mortuary affairs. They participate in many Continental United States and overseas field exercises.

Forty-four independent combat communications units are equipped and staffed to support the Defense Communications System, Tactical Air Forces, Special Operations Command, Central Command, and the Joint Task Forces. They are tasked to provide specific communications service to deployed commanders and terminal air traffic control facilities.

We have 30 tactical control units (3 groups, 9 squadrons and 18 flights) operating mobile radar control and reporting centers in addition to providing forward air control posts. These rapid reaction units are a critical link in the war against drugs.

Nineteen engineering installation (EI) squadrons are equipped and trained to install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios, teletype, and communications centers. These units represent a significant part of the total Air Force capability and each year accomplish a major portion of the total Air Force peacetime EI work load.

We have three aircraft control and warning squadrons and one detachment which provide air surveillance radar coverage and aircraft control capability for Hawaii and Puerto Rico. The Hawaii Regional

Operational Control Center (HIROCC) is operated and maintained completely by Air National Guard personnel and performs the air defense surveillance mission for the Hawaiian Islands.

Three new communication squadrons have recently been activated in direct support of the North Atlantic Treaty Organization (NATO). The NATO Air Base Squadrons (NABS) provide survivable and reliable voice and teletype communications, primarily for command and control as well as logistics in the Central European Theater of Operations. This communication system is a joint United States Air Force and NATO program.

Our 23 aerial port units are equipped, trained, and ready to perform sustained operations in either a mobile environment supporting air-land operations in high threat areas with non-fixed air terminals, or in a strategic role supporting airlift operations at established airfields. Each mobile aerial port possesses its own communication, vehicle maintenance, joint airdrop, and self-defense capabilities and is capable of deploying as a self-contained unit.

We recently broke ground for the Congressionally approved construction of new facilities at the I. G. Brown Air National Guard Professional Military Education Center (PMEC) at Knoxville, Tennessee. This Center continues to provide outstanding training for the men and women of the Air National Guard, Air Force Reserve, and the United States Air Force. Last year the PMEC trained approximately 3,000 people, half of whom were Non-Commissioned Officers essential to the Air National Guard's ability to remain ready. Another 1,000 were trained in their specialty or functional areas, thereby contributing directly to a more cost effective and mission efficient Air National Guard. The remaining students entered the ANG officer corps to begin service as the future leaders of our force. They represent our investment in the Air National Guard's future, for they will become the senior leaders of the

21st century. We are proud of the accomplishments of PMEC and recognize its value to both the military and the civilian communities of today's citizen airman.

In addition to PMEC, we are starting a Professional Continuing Education Center (PCEC) at Knoxville. It will provide information systems training for all our personnel.

Our remaining mission support units consist of security flights and information support flights at flying units, state headquarters elements, field training sites, airlift support detachments, and weather units. These elements fully complement the flying missions.

Like their flying unit counterparts, mission support units contribute heavily to the total Air Force combat capability. At the end of FY 1990, the Air Guard will maintain 83% of tactical control forces, 69% of engineering and installations forces, 67% of the aircraft control and warning forces, 67% of the Air Force combat communications forces, 26% of the civil engineering forces, 24% of authorized aeromedical evacuation crews, 14% of the weather reporting and forecasting forces, and 13% of aerial port forces.

MORE THAN PART-TIMERS

Today's Air National Guard is a national resource responsive to a far more intense economic and geo-political environment than ever before. No longer are we merely "weekend warriors."

Our mature combat force performs many round-the-clock missions traditionally reserved for the active duty Air Force. Air National Guard A-7s are on constant alert in Panama ready to defend the Panama Canal. The full-time air defense and strategic alert performed by our fighter interceptor and tanker crews are vitally important to America's immediate continental air defense and strategic deterrence requirements.

We share with the Air Force Reserve a full time responsibility for tactical airlift in the southern region. Our specially equipped LC-130s are the only ski-equipped airlift capability for icecap resupply in the Air Force. Our C-141 and C-5 units share the peacetime strategic airlift mission with the Air Force. Of special significance, the second Air Force Armenian earthquake relief mission was flown by a Mississippi Air National Guard C-141 aircrew. The majority of humanitarian missions to Soviet Armenia were flown by the Air National Guard and the Air Force Reserve.

We are especially proud of our aircrew training schools. The three advanced fighter and interceptor schools at Kingsley Field, Oregon; Tucson, Arizona; and McConnell AFB, Kansas provide combat-ready fighter pilots for our F-16s, A-7s and F-4s. Active duty and Air National Guard RF-4 crews receive tactical reconnaissance training at our RF-4 schoolhouse at Boise, Idaho. At Little Rock AFB, Arkansas, the Guard C-130 instructors provide the first C-130 flight training for about one fourth of the Total Force C-130 crews produced each year. As policy makers continue to review defense requirements, the Air National Guard stands ready to meet the challenges given to us.

TRAINING, EXERCISES AND DEPLOYMENTS

In a peacetime environment, the primary role of the Air National Guard is to train for its wartime mission. We train with other active and reserve components in overseas deployments, Joint Chiefs of Staff (JCS) exercises, Air Force training exercises, and Air National Guard-sponsored Composite Force Training exercises. Increased participation in joint exercises has enriched our training and reinforced the Total Force policy.

Our overseas deployments move units to theater locations throughout the world for short periods of time. These deployments provide our members with realistic, theater-specific training. Since airlift accounts for more than 90% of deployment costs, we have exercised several concepts in order to maximize our training dollars. Use of multi-unit deployments, vice single unit, has reduced per unit airlift costs by 20-25%.

During the past year our tanker units deployed aircraft and personnel to Torrejon AB, Spain; Sola, Norway; Andersen AFB, Guam; and Elmendorf AFB, Alaska. Individual Air National Guard tankers deployed to Korea, Japan, Guam, Germany and the United Kingdom. During these deployments, our aircrews gained valuable experience in European and Pacific theater air refueling tactics while our support personnel became seasoned in unit support operations away from home station. The Air National Guard also supports monthly flight rotation requirements in and out of Panama. In addition to performing aerial refueling, the KC-135Es move personnel and equipment. Our FY 1990 budget request will let us continue to support these valuable training opportunities.

For several weeks this past summer, three ANG A-7 units deployed aircraft and personnel to Spangdahlem AB, Germany, for in-theater training. This exercise, CREEK CORSAIR, provided valuable training for our aircrews and gave our North Atlantic Treaty Organization allies cross training opportunities with A-7 aircraft.

Our ski-equipped C-130 unit at Schenectady, New York, provides the only Air Force capability for transporting oversized cargo to remote radar sites on the Greenland icecap. This Arctic resupply mission, Volant Dew, entails airlift of all fuel, construction items and oversized supplies throughout the year; they support National Science Foundation projects on the icecap and provide search and rescue support when required. In addition, the unit has just returned from Antarctica where they supported the Navy and the National Science Foundation.

In the Southern Command region, Air National Guard civil engineering, medical, and communication personnel regularly deploy for valuable training. The ANG maintains four A-7 aircraft on station at all times in defense of the Panama Canal as mentioned. We also support airlift requirements throughout Central and South America with six C-130 aircraft, a mission we share with the Air Force Reserve.

During FY 1988, our Tactical Airlift units provided 1,451 airframe days and 7,255 flying hours in support of 422 Joint Airborne/Air Transportability Training (JA/ATT) missions. This is an inter-service program for the wartime application of airlift in which the services jointly develop common procedures for combat operations to reach and maintain readiness.

The Air Guard also supports the Army in exercises throughout the world. Joint training programs such as those at the National Training Center at Fort Irwin, California, and the Joint Readiness Training Center at Fort Chaffee, Arkansas, provide training experience for both the Army and Air National Guard. Composite Force Training exercises are conducted throughout the year to sharpen fighting skills and familiarize our personnel with joint operations. These exercises are sponsored and planned by Air Guard flying units, Field Training Sites, and active Air Force units to encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

As a further measure of our global involvement, eight Tactical Fighter and Reconnaissance units participated in overseas deployments to Belgium, Japan, Germany, Norway, England, Iceland, and Turkey during FY

1988. The highlight of these deployments was CORONET CRUSADER, a 12 aircraft, 300-person deployment to Chitose AB, Japan. This was the first deployment to a Japanese defense forces base performed by a Continental United States-based Air Force unit.

Nine fighter/reconnaissance/interceptor units participated in the RED FLAG and MAPLE FLAG programs during FY 1988. Four units deployed to Alaska for the North American Aerospace Defense Command (NORAD)-sponsored AMALGAM WARRIOR 88.

In the past year, our combat communications units deployed more than 1,000 personnel to Europe, Central America, Southwest Asia and Korea. Additionally, hundreds of communications personnel participated in dozens of Continental United States and overseas exercises. The combat readiness of these units will be tested again this year by their participation in 26 exercises and deployments worldwide.

Five of our tactical air control units deployed to Europe during FY 1988, participating in 4 JCS exercises involving more than 550 personnel. Eight tactical air control units are scheduled to deploy to Europe in FY 1989 to participate in six Joint Chiefs of Staff exercises.

Our Engineering Installation (EI) units also deployed to Europe and Korea during FY 1988, while our civil engineering and services units participated in Joint Chiefs of Staff, European, Pacific, Alaskan and Southern Command exercises. In addition, our aerial port units deployed 85 teams, consisting of 2,050 personnel, to Military Airlift Command (MAC) overseas and Continental United States ports. This program provided invaluable training for a critical element of MAC's wartime cargo handling capability.

More than 16,000 civil engineering and services personnel routinely deploy to possible wartime theaters of operation to become familiar with local conditions, materials, construction techniques and equipment. Fifty-six percent of our civil engineering and services personnel will deploy overseas this year. Last year, Air National Guard civil engineering personnel supported exercises and United States interests in Central America, the Pacific and Europe. Again in FY 1989, civil engineering and services personnel will deploy to Europe, the Pacific, Central America, Canada, Alaska and numerous locations within Continental United States in support of exercises and deployment requirements. We will rotate eight 50-person civil engineering teams every two weeks to Palmerola AB, Honduras, to perform contingency construction projects in support of Task Force Bravo. Six teams will deploy to Honduras and Costa Rica to engage in Humanitarian/Civic Action (HCA) projects in remote areas of that country. We are currently planning a joint services HCA program in the Caribbean Basin island nations with Army engineers and Navy Seabees, under the umbrella of United States Atlantic Command. We are committed to maintaining an aggressive overseas exercise program in FY 1990 to insure that our flying and non-flying units can demonstrate combat capability and have the opportunity to visit the areas of the world where they may be required to fight.

READINESS

Air National Guard units are required to train for and maintain the same readiness standards as their active duty counterparts. One measure of our readiness is the results of Operational Readiness Inspections (ORI) conducted by active Air Force inspection teams. These inspections use realistic wartime scenarios, and provide a true test of the unit's ability to accomplish its wartime tasking. In FY 1988, all of our combat flying units tested passed these inspections, with 70% earning an overall rating of "excellent" or "outstanding."

While we can boast of our inspection records, we still have some readiness shortfalls. One of our greatest needs is for modern equipment. We made progress in FY 1988 by acquiring eight C-130 tactical airlifters and two HC-130 rescue tankers, sixteen MH-60 combat rescue helicopters, four of which will add a much needed capability in the Alaskan theater, and four C-26A aircraft which will modernize our operational support fleet while decreasing operating costs. With FY 1989 dollars we are procuring fourteen C-130Hs to replace aging C-130As, and three additional C-26As to further fill the wartime support airlift shortfall with low-cost, reliable aircraft. The C-26A aircraft is the best equipped and most capable aircraft of its type and was acquired in record time and at the lowest cost.

Yet for all the recent support of Congress we still have some equipment shortages. Some items of our communications equipment need modernization. Our information systems shortfall has been exacerbated by the increase of requirements and of limited funding. The C-130As and C-130Bs have severe supportability problems developing due to age. We possess the only C-130As and the majority of the C130Bs in the Air Force inventory. As we move into the F-15, F-16, C-141 and C-5 missions, we are experiencing serious support equipment shortfalls which must continue to receive our special attention. While we are modernizing our fighter force with newer airframes, our fighters are generally early model aircraft that require avionics systems upgrades to be competitive against the current threat. Specifically, we have sought improvements to the F-15 A/B through the Multi-Stage-Improvement-Program (MSIP). MSIP provides significant combat capability enhancement as well as improved maintenance supportability. Though underfunded at this time, we hope to continue with this program and bring the technology level of our aircraft in line with that of the active forces.

We have embarked on modernization, survivability, and combat capability improvements to F-16A/B aircraft that include threat detection and warning systems, countermeasures dispensing upgrades and enhanced envelope gun sight systems, and avionics upgrades through Mid-Life Update (MLU) technology. We are looking to optimize training in these task intensive systems through Part Task Trainers (PTT). Due to the maintenance-intensive older engines in both our F-15A/Bs and F-16A/Bs we are experiencing problems with adequate numbers of serviceable spares. The remedy to this problem is through retrofit of the older engines to the newer F100-PW-220E configuration. We are working this approach with the other units of the Tactical Air Force that are also experiencing these problems.

Our tactical and strategic airlift forces have no electronic capability for threat detection and no self-protection systems to ensure completion of their assigned worldwide missions. In an effort to remedy this problem, we are actively participating with other major commands who are examining these problem shortfalls while emphasizing commonality within the airlift fleet. In FY 1990 we hope to begin an effort, starting with our tactical C-130 aircraft, to field an airlift defensive suite.

COMPETITION

Competition among similar units provides an opportunity to compare our skills with those of the other components and to assess our ability to meet the task of a wartime mission. Some of the competitive events we participated in during FY 1988 are highlighted in the following paragraphs.

Four of our units participated in Reconnaissance Air Meet '88 (RAM '88) at Bergstrom AFB, TX, in August 1988. Sponsored by Tactical Air Command, this reconnaissance competition is held every two years to demonstrate the capabilities of reconnaissance forces of the United States and those of our Allies. While the "Top Unit" Award went to the unit representing United States Air Forces in Europe, the Nevada Air

National Guard was second, with our teams holding four of the top seven spots. The Top Maintenance Award went to the Nebraska Air National Guard, and they also won the Top Imagery Interpreter Award.

Four Air National Guard units competed in the biennial Air Defense competition, William Tell '88, held at Tyndall AFB, Florida, in October 1988. While three of the units were flying outdated F-4 Phantoms against F-15 Eagles, the Oregon Air National Guard finished ahead of two F-15 Squadrons in their F-4's.

The 129th Air Rescue and Reconnaissance Group, Moffett Field, California, won the coveted Pitsenbarger Award for the most outstanding pararescue section in the Air Force. Pararescue personnel have the longest training program and one of the most demanding jobs keeping current in medical skills, flying, parachuting and scuba training. This unit repeatedly demonstrated their outstanding performance from the North Atlantic to the Sierras of California in 20 missions which saved 21 lives.

MANPOWER

The single most important ingredient in readiness is manpower. Manpower levels of the Air National Guard have grown substantially over the last decade and are indicative of the missions being transferred from the active Air Force to the Guard and Reserve components. Our FY 1990 end strength of 116,300 is 1,325 above our FY 1989 level. The majority of the programmed growth is to support increases in the medical and security functional areas.

Full-time manpower is vital to the success of our mission and consists of a mix of Title 32 military technicians, Active Guard/Reserve (AGR) personnel and Title 5 civilians. The military technicians and AGR personnel are a highly trained cadre who accomplish the day-to-day workload and are the backbone and the reason for the high state of operational readiness enjoyed today. The majority of our military technicians are in maintenance and support functions. Flying training instruction, security, field training sites, ranges, detached alerts, recruiting, retention and other military functions are performed by AGR personnel. Title 5 civilians are employed at the Headquarters and at those bases where the Air National Guard has been designated as the host.

The revised recruiting goal for FY 1988 of 115,000 was exceeded by 221. For FY 1989, our total end strength authorized by Congress was 115,200, now however, due to our funding priorities our end strength has been reduced to 114,975.

We have prioritized recruiting efforts to fill critical skill positions before other existing or projected vacancies whenever possible. Our bonus and incentive funds are directed at traditionally hard to fill positions and those identified as critical for wartime taskings. The Montgomery GI Bill (MGIB) continues to be the single most successful inducement to recruit and retain members in the Air National Guard. Six year commitments, a prerequisite for MGIB eligibility, have increased in both new enlistments and reenlistments. This provides force stability which reduces training costs and improves unit combat readiness.

Prior service personnel still account for approximately 60% of our accessions and continue to provide savings in basic military training and initial skills training. Although we are able to use these trained and experienced personnel to improve unit combat readiness, we find that many lower grade positions in our units remain vacant. We also experience difficulty in offering prior service personnel the grade advancement opportunities necessary for retention beyond their initial enlistment with the Air National Guard.

MANPOWER PROBLEM AREAS

A serious problem facing the Air National Guard is the Active Guard/Reserve (AGR) grade ceiling. The AGR program was begun in FY 1979 as a test program. At the current time we have about 8,000 people involved. In FY 1988 our requested grade ceiling levels were reduced and in FY 1989 all increases over the FY 1988 level were disallowed. Many of our highly qualified flying training instructors are now leaving the AGR program to fly with the airlines because they view the AGR program as unstable and their chances for promotion slim. This program was established as a career incentive less than ten years ago. It must be allowed to mature, and when warranted, those holding validated higher graded positions should be promoted as they become eligible.

PERSONNEL LEGISLATION

An area of significant legislation that will impact personnel management within the Air National Guard is the Reserve Officers Personnel Management Act (ROPMA).

ROPMA, introduced to the 100th Congress, has met with little to no success. We ask that you consider and adopt this important legislation, which will soon be submitted to the 101st Congress, that will enhance the management and readiness of the Air National Guard officer corps.

FORCE MIX

The current force structure within the United States Air Force, Air National Guard, and the Air Force Reserve is a result of many years of programming and planning to develop the best blue suit mix to ensure the security of our nation and our commitment to the free world.

Many questions are being raised regarding the future role of the Air National Guard and the desirability of accepting more missions. If the threat within the world changes to the point where force mix changes are warranted, the Air National Guard position is that modernization and robusting of existing units is our preferred method of satisfying these changes in responsibility.

FY 1990/91 PRESIDENT'S BUDGET

Our request for FY 1990 provides the minimum funding necessary to sustain the combat capability and cost effectiveness of today's Air National Guard. By any measure, we are more combat ready today and provide more combat capability for our nation's defense than ever before. This is due to the high experience level of our personnel, the stability in our units, the quality and intensity of our training programs and the modernization of our equipment. Within today's fiscally constrained environment, I believe that the Air National Guard, among all military components, provides the greatest return in capability for the taxpayer's dollar. With 3.3% of the Air Force budget we provide over 90% of the air defense of America, 36% of the tactical airlift capability, and 24% of the tactical fighter capability. In FY 1990, we will log over 440,000 flying hours, participate in military exercises around the world, train with all services, and convert a third of our flying units to more modern equipment.

The "Operation and Maintenance-ANG" appropriation supports the day-to-day operations of all Air National Guard units. Major items funded by this appropriation are payroll costs for military technicians and civilian personnel, flying hours, depot maintenance of aircraft and equipment, real property maintenance, and the day-to-day supplies and services necessary during the normal course of operations.

The "National Guard Personnel-Air Force" appropriation funds the personnel costs of all Air National Guard members, the school and special training programs, subsistence and clothing costs, disability and hospitalization benefits, incentive payments, educational benefits, and retired pay accrual costs.

The "Military Construction-ANG" appropriation funds minor and major construction projects at our facilities as well as planning and design funds for future construction projects.

The following chart compares the FY 1989 funded position, and the FY 1990 and FY 1991 projections for the three major ANG appropriations:

(Dollars in Millions)

Item	FY 1989	FY 1990	FY 1991
Operation & Maintenance, ANG	$2,017.6	$2,055.8	$2,184.9
National Guard Personnel, AF	1,029.6	1,047.0	1,087.9
Military Construction, ANG	158.5	164.6	107.2
Total	$3,205.7	$3,267.4	$3,380.0

CONCLUSION

The Air National Guard is an integral part of the Total Force. We continue our support of national security objectives while providing a militia uniquely qualified for our states' needs. Our responsibilities are global, national and local in scope, each offering its own set of challenges for the future.

The Air National Guard is successfully meeting the challenges we have been presented. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate, and need, the continued strong support of the Congress, permitting the Air National Guard to continue modernization and to significantly progress toward our mandate of strength through readiness.

Mr. Chairman, this concludes my prepared statement and I will be pleased to answer any questions from you or members of your distinguished Committee.

TABLE 1

MAJOR FLYING UNITS OF THE AIR NATIONAL GUARD

Mission	No. of Units	Type of Aircraft
Tactical Fighter	33	A-7, A-10, F-4, F-15, F-16
Tactical Airlift	20	C-130
Aerial Refueling	12	KC-135E
Air Defense	12	F-4, F-15, F-16
Tactical Reconnaissance	5	RF-4C
Tactical Air Support	4	OA-37, OA-10
Rescue and Recovery	2	HC-130, HH-3, MH-60G
Strategic Airlift	2	C-141, C-5
Special Operations	1	EC-130E

TABLE 2

CONVERSION/MODERNIZATION SCHEDULE OF THE AIR NATIONAL GUARD

Unit	Action	IN FY
Dannelly Fld, AL	-18 F-4D; +18 F-16A/B	89
Kingsley Fld, OR	-18 F-4C; +18 F-16A/B	89
Stewart, NY	+3 C-5A (to 11 PAA)	89
McConrell, KS (RTU)	-36 F-4D; +36 F-16A/B	89
Hancock Fld, NY	-24 A-10; +18 F-16A/B	89
Willow Grove, PA	-18 OA-37; +18 OA-10	89
Fresno, CA	-18 F-4D; +18 F-16 A/B	89
Louisville, KY	+4 C-130B	90
Portland, OR	-18 F-4C; +18 F-15A/B	90
Ellington Fld, TX	-18 F-4D; +18 F-16A/B	90
Fargo, ND	-18 F4-D; +18 F-16A/B	90
Duluth, MN	-18 F-4D; +18 F-16A/B	90
Selfridge, MI	-18 F-4D; +18 F-16A/B	90
Andrews AFB, MD	-24 F-4D; +18 F-16A/B	90
Springfield, IL	-24 F-4D; +18 F-16A/B	90
McGuire AFB, NJ	-18 F-4E; +18 F-16A/B	90
March AFB, CA	-24 F-4E; +18 OA-10	90
Eielson, AK	+4 KC-135E	90
Rickenbacker, OH	+2 KC-135E	90
Phoenix AZ	+2 KC-135E	90
Suffolk Co, NY	-1 HC-130P, -5 HH-3E; +5 MH-60G	90
Moffett, CA	-1 CH-3	90
Elmendorf AFB, AK	+4 MH-60G	90
Nashville, TN	-16 C-130A; +8 C-130H	90
Quonset PT, RI	-8 C-130A; +8 C-130E	90
Baltimore, MD	-8 C-130B; +8 C-130E	90
Martinsburg, WV	-12 C-130B; +12 C-130E	90
Channel Island, CA	-4 C-130E	90
Niagara Falls, NY	-18 F-4D; +18 F-16A/B	91
McConnell, KS (RTU)	+18 F-16	91
Memphis, TN	-8 C-130A; +8 C-141B	91
Moffett, CA	-4 HH3E; +4 MH60G	91
Elmendorf, AK	+2 HC-130N	91

TABLE 3

MISSION SUPPORT UNITS OF THE AIR NATIONAL GUARD

Type of Unit/Mission	Number of Units
Medical	101
Civil Engineering	98
Security	89
Communications Flights	41
Combat Communications	44
Tactical Control Units	30
Engineering Installations	19
Air Traffic Control Units	8
Aircraft Control & Warning	3
Joint Communications Support Squadron	2
Range Control	1
NATO Air Base SATCOM Squadron	3
Direct Air Support Center Squadrons	2
Communications/Electronic Maintenance Squadrons	2
Weather	39
Aerial Port	22
Reconnaissance Technical	2
State Headquarters Elements	54
Bands	12
Permanent Field Training Sites	4
Field Training Flight	1
Tower Operations	1
Airlift Support	2
ANG Host Bases (BOS)	5
Air Base Group (Guam)	1
Electronic Security Squadron	1
Tactical Air Control Party Flight (TACPF)	1
Air Support Operations Center Squadron (ASOCS)	1
Professional Military Education Center	1
TOTAL	590

Senator GLENN. Somewhere between 170 to 500 of the increases would be in officer strength—almost all of the pilots.

AVIATOR RETENTION

In recent hearings on aviator retention, I have been led to believe that the Air National Guard has more applicants than slots for part-time pilots. Is that correct, and do you expect any problems in recruiting pilots under any of those options that CBO outlined?

General KILLEY. Currently, we do have waiting lists in many of our units, particularly in the major metropolitan areas where there are airline hubs.

We have more pilots trying to get into the units than we have slots available. But as we change things, as the active duty commitment becomes longer and pilot resources become more difficult to get, our ability to fill those slots will become more difficult.

As we project out into the future, knowing that the active-duty commitment will be longer, it may become more difficult to fill those slots and we may have to rely upon more undergraduate pilot-training slots.

Currently, the Air National Guard has 45 percent of its pilots force homegrown. In other words, pilots that we have sent to pilot training.

We rely on 55 percent prior service. I think we have more of our pilots more homegrown than, the Air Force Reserve, or any other Reserve component in the flying business.

So we may have to up that. Right now we send 166 pilots a year to pilot training. Through the FYDP, we are projected to increase that to 210. But that does not take into account any additional growth that would come into the Air National Guard.

Senator GLENN. And what areas or particular types of airplanes do you use those who are, as you call them, homegrown pilots? Do you have a different assignment policy for those who serve a regular tour in the regulars and then came out and are not in the Guard?

General KILLEY. No, sir. They are fully integrated together. Take a typical fighter unit—my old unit that I use to command. We had approximately 50 percent of the guys that were folks from around South Dakota that we recruited, screened and sent to pilot training.

The other 50 percent were active-duty prior-service pilots, not only from the Air Force, but from the Navy and Marines as well. And that is very typical of every unit. Units that are based in major metropolitan areas that have a much larger number of prior-service pilots to choose from have less percentage of pilots that they have "homegrown."

Mr. DUNCAN. Senator, could I add one comment to my previous answer on the 401st?

So that I do not leave any doubt, it is our best judgment that the 401st ought to be going where it is going and not put into the Air Reserve components. Our judgment is based on factors other than the capabilities of the Air Reserve components. I did not wish to leave any doubt about that. We fully support the President's plans with respect to the 401st.

Senator **Glenn**. Well, the President's position on that, as I understand it, is still to keep it going to Crotone, is that correct?

Mr. **Duncan**. That is my understanding. Yes, sir.

Senator **Glenn**. It appeared to us that with that not being a combat base anyway and being a staging base, in effect, that as you know from our other hearing, we felt that that might well be one that could be brought back and comply with his conventional force reduction that he proposed.

Mr. **Duncan**. Yes, sir. I understood your position. I just wanted to make sure you understood ours, which is that the forces ought to remain there.

Senator **Glenn**. General Killey and General Scheer, when I asked about whether or not you had any direct input into the DOD study on the Feasibility and Desirability of Transferring Air Missions from the Active to the Reserve Components during our May 16 hearing, I believe you indicated you had not been involved, is that correct?

General **Killey**. Yes, sir.

STATEMENT OF MAJ. GEN. ROGER P. SCHEER, CHIEF OF AIR FORCE RESERVE, HEADQUARTERS, USAF

General **Scheer**. Yes, sir.

[The statement of Major General Schneer follows:]

STATEMENT OF: **MAJOR GENERAL ROGER P. SCHEER**
Chief of Air Force Reserve
Headquarters, USAF

MISTER CHAIRMAN AND MEMBERS OF THE COMMITTEE:

INTRODUCTION

Thank you for the opportunity to appear before this Subcommittee on Manpower and Personnel and share with you the current status of the Air Force Reserve, the challenges we face, and the accomplishments we have made during the past year. Our Reserve units are combat ready. They can be mobilized in 24 hours and deployed within 72 hours. In Fiscal Year (FY) 1988 we made significant improvements to the quality of our training and today are at the highest level of readiness in our history, with 97% of our units (excluding those in conversion) designated combat ready. This is up from 71% just 4 short years ago.

These readiness levels are a result of a team effort: The Congress, the Air Force, and the Reservist. By providing modern equipment, substantive missions and realistic training opportunities, the Congress and the Air Force have given the quality personnel of the Air Force Reserve the means and motivation to achieve these high levels of combat capability.

This next year presents a difficult fiscal challenge for our country and especially for the military establishment. In light of hard-hitting budget limitations, we must not allow current high readiness levels to erode. We can't let the gains of the past years slip away. Much has been written and spoken recently concerning major restructuring of the United States Air Force -- specifically, the increased transfer of missions to the Air Reserve Forces. We think the current force mix is about right.

It provides an adequate pool of trained personnel to the Reserve forces without which we would be unable to maintain current readiness levels. If the Reserve forces were to significantly expand at the expense of active force levels, this pool of trained personnel would diminish to the point where, at some future date, it could be inadequate to meet Reserve manpower requirements. The untrained would then have to replace the trained, thus raising training costs and reducing readiness. Perhaps some fine tuning of the existing force is prudent, but we must not create the false perception that this country can be defended solely by a Reserve force.

To meet the demand of providing the strongest defense for the dollar, we must continue to attract and retain highly qualified, motivated people who demonstrate pride in their performance. At the same time, we must acquire the modern equipment and provide realistic training environments that will effectively challenge and use the talents of today's Reserve professionals.

MANPOWER

As the members of this committee are aware, the Air Force Reserve has experienced significant mission growth over the past decade and a half. You have made this possible by providing the end-strength required to meet the associated wartime and contingency tasking responsibilities. The Air Force Reserve end-strength grew to 82,116 in FY 88, a total that has nearly doubled since 1973. Simultaneously, however, the ratio of full-time support (civilians and Air Reserve Technicians) to Reserve unit end-strength actually declined from 25 to 20 percent. Budget restrictions have prevented full-time support and management requirements from keeping pace with Reserve end-strength increases. Additionally, the Goldwater-Nichols DoD Reorganization Act imposed growth restrictions on Reserve management headquarters. The combination of these two factors jeopardizes our ability to provide adequate support to our field units in the face of increasing readiness requirements.

Personnel Legislation

In the area of legislation, recent Congressional action has had a significant, positive effect on retention and the quality of life of our force. Last year's extension and enhancement of the Montgomery GI Bill is but one of those important pieces of legislation.

However, the progress of one legislative proposal was not as successful. Specifically, the Reserve Officers Personnel Management Act (ROPMA) was introduced to the 100th Congress with no resultant legislation. When Congress initiated the Defense Officers Personnel Management Act in 1981, it directed similar legislation for the Reserve components. We ask that you consider and adopt the major provisions of ROPMA when it is submitted again during this session.

Recruiting and Retention

The Reserve recruiting structure continues to achieve exceptional results. Our Air Force Reserve Recruiting Service is unique as it maintains its own offices collocated with Reserve units across the country, targeting a primarily "hometown" market. This "organic" recruiting structure is essential to the Air Force Reserve if we are to successfully meet future requirements.

Our recruiters are finding an extremely high caliber of people: 99 % of our non-prior service enlistees are high school or equivalent graduates while 77% of all recruits are trained, prior service members. Retention is also up in FY 88. We had a reenlistment rate of 87% for non-prior service and 92% for our prior service members. Continued improvement in this area is a major goal for 1989.

This recruiting and retention success, combined with our high participation rate - 98% for officers and 95% for enlisted members in FY 88 - allows us to maintain a motivated, top quality force. Perhaps one of the best examples of this quality force was the selection of CMSgt Roy Arakaki as one of the 12 Outstanding Airmen of the Year in the entire Air Force for 1988. A chief of loadmaster standardization and evaluation at the 445th Military Airlift Wing (MAW), Norton AFB, California, Chief Arakaki is a shining example of the citizen airmen who make up the Air Force Reserve.

While we have had significant recruiting successes, I would be remiss if I did not point out the difficulty we are facing in our Air Reserve Technician (ART) manning. The Air Reserve Technician continues to be the backbone of our Reserve unit program. Unfortunately, ART recruiting has lagged over the past five years, primarily because Civil Service compensation has fallen far behind the private sector. With the continuing high-level of airline hiring, we anticipate this situation will only get worse -- especially in our pilot and aircraft maintenance areas.

Medical Readiness

The Air Force Reserve has made consistent strides in medical readiness and our manning in this area continues to improve.

Again, we owe a great deal of this success to strong Congressional leadership and support for medical recruiting and retention. Our medical stipend program is operational, and we expect it to help fill critical physician vacancies. By raising the maximum age for initial medical appointment and the maximum age for retirement, we are now able to recruit to a broader physician base. Additionally, the accession bonus program for critical skills will be operational by 1 April. To take full advantage of these tools, we plan to increase the number of dedicated medical recruiters.

As I reported last year, in response to the 1987 Defense Authorization Bill, we continue to expand our involvement in the Combat Casualty Care Course (C-4) and readiness training for all medical disciplines. Our efforts are aimed at offering well qualified medical professionals purposeful and applicable training. On the down side, however, we have only 88% of the physicians and nurses we need -- a shortage of approximately 90 and 260 respectively. We are confident that existing incentive and bonus programs will help us to meet our physician goals, but the outlook for nurses is cloudy. Although the Reserve is having difficulty competing with opportunities provided by the private sector, we are leaving no stone unturned in our effort to reverse this situation.

PROGRAM CHANGES

Equipment Modernization

The primary goal of the Air Force Reserve is to sustain a superior combat ready force. Today, the Air Force is making great qualitative strides in this effort by providing our flying units with some of the newest, state-of-the-art aircraft in America's arsenal. The support Congress has given the Air Force has made these modernization efforts possible. We will do everything possible to ensure that the capabilities of these weapons systems are fully exploited.

We are continuing to upgrade our tactical fighter force in FY 1989 with the conversion of the F-4 units at Tinker AFB, Oklahoma and Homestead AFB, Florida to the F-16 aircraft. However, budget constraints and delays in upgrading active units to newer F-16C/Ds have slowed modernization of our fighter force at other Reserve locations. We now plan to complete F-4 unit conversion to F-16A/B at Wright-Patterson AFB, Ohio in early FY 90 and will similarly convert Carswell AFB and Bergstrom AFB, Texas in late FY 91. Any further reduction in planned active duty F-15 and F-16 procurement levels will extend our aging F-4s seriously affecting our war fighting capability.

This continuing modernization of our tactical fighter force with the F-16 brings a corresponding challenge to the Reserve as we prepare to meet the anticipated threat well into the 21st Century. We must now address the midlife upgrade of this aircraft while ensuring commonality with the active Air Force and our allies. We coordinate our efforts with the Air Force and NATO as an active member of the Multi-national Fighter Program.

The Air Force Reserve will retire its last C-130A tactical airlifter this year. The only C-130As remaining in the Reserve after this year are the dated gunships at Duke Field, Florida. The active Air Force procurement of the new AC-130U will release upgraded H-model gunships to replace those A-models. This replacement is critical as these 30-plus year old AC-130As offer only limited capability to the increasingly important special operations mission.

In the past year we acquired an increased strategic airlift capability at our unit-equipped C-141 and C-5 wings. The 459th Military Airlift Wing (MAW) at Andrews AFB, Maryland is fully converted to eight C-141B aircraft and the 433rd MAW at Kelly AFB, Texas completed its conversion from 16 C-130Es to 15 C-5As assigned as of December 1988. This year the 439th MAW at Westover AFB, Massachusetts has received the remainder of its 14 C-5s. We will continue this effort by replacing eight C-130E model aircraft at Rickenbacker ANGB, Ohio, with 12 C-141Bs, beginning in FY 91. These unit conversions allow us to operate and maintain valuable strategic airlift aircraft economically at a low peacetime tempo while maintaining a high wartime surge capability.

Another important airlift enhancement is the C-17A. The development of this aircraft will ensure a quantum leap forward for our nation's airlift capability. Its timely acquisition will provide a critical improvement in the ability of the Air Force to project conventional forces wherever they might be needed. As I indicated in my testimony last year, this is the first time in MAC's history that a production line strategic airlift aircraft is scheduled for a unit-equipped Reserve organization. Any stretching out of this program will have a ripple-down effect on overall Air Force Reserve modernization efforts. Delays in the delivery of C-17As to active units slow the subsequent transfer of their resources to and between Reserve units. We strongly urge this important program be kept on track.

We have been a full partner with the active Air Force in direct support of the strategic mission. Our KC-135E aerial refueling units at Grissom AFB, Indiana, and March AFB and Mather AFB, California will each receive 2 additional aircraft late in FY 90. This is the result of the deactivation of an active KC-135 unit. Congress has provided the funds to upgrade these KC-135As to the KC-135E configuration with the attendant significant increase in capability. The addition of these six aircraft will allow the Air Force Reserve to provide three added lines of alert.

Perhaps the Air Force Reserve's greatest challenge is to provide our personnel with state-of-the-art training programs. We must be able to meet the inevitable increase in future readiness goals without adding to our Reservists' already over-burdened participation requirements. These new programs include self-paced programmed instruction, part-task trainers, multi-media learning programs, and computer simulation. Congress has generously supported our past training requirements and we look forward to your continued support in the future.

Shortfalls

Our ability to successfully operate in a hostile environment remains one of the Air Force Reserve's highest priorities. To achieve this goal, we are buying electronic countermeasures pods for our fighters and defensive systems for our airlift force, made possible through the miscellaneous equipment funds provided by the Congress. Without this critical equipment, our tactical fighter and airlift units lack the capability to penetrate enemy defenses and survive.

This upgrade has been a very slow process. Our current program includes funds for only one-fourth of our fighter defensive system requirements. We must aggressively continue our efforts in this area if we are to provide our air crews creditable survivability.

Our tactical airlift aircraft may face the same hostile environment as our fighters. Today we are installing the first defensive system on a Reserve C-130 at Dobbins AFB, Georgia. This prototype is expected to demonstrate that a cost effective, off-the-shelf system can provide adequate, timely protection against most threats to our tactical airlifters. The importance of this effort cannot be understated. In December, while on a humanitarian aerial spray mission, two commercially chartered DC-7s were attacked in North Africa by heat-seeking missiles. Our C-130s, operating daily in Central and South America, could face a similar terrorist threat. We will continue a concerted effort to provide our crews the protection needed to complete their peacetime and wartime missions.

Exercises

The Individual Ready Reserve (IRR) is a manpower pool of individuals who have had previous military training (either on active duty or in the Selected Reserve) and have a remaining military service obligation. These members are not assigned to units and have no participation obligation. However, they may voluntarily participate in certain types of training.

In order to assess this manpower resource, the Secretary of Defense mandated the services to order IRR members to one day of active duty each year during the period of FY 1987-1992. In 1989, we plan to conduct this screening in a manner similar to the actual process that would be used during mobilization. Under this concept, we will identify selected members of the IRR with critical specialties and move them to a technical training center for processing. We will then evaluate their skill retention, identify follow-on training requirements, and simulate assignment actions based on anticipated manning requirements. This test will provide an excellent assessment of the actual backfill capability of this important mobilization resource.

We test our units as well to determine their capabilities. Last year the Air Force Reserve played a significant role in both Joint Chiefs of Staff (JCS) and Air Force exercise programs. Not only did 44 of our 58 flying units participate, but so did 172 combat support and combat service support units. Perhaps less visible than the flyers, our aerial ports, aeromedical and medical, enroute maintenance, communications and engineering teams truly make these exercises meaningful and realistic. Over 30,000 Reservists participated in FY 88 exercises which included VOLANT OAK and AHUAS TARA in Central America, DISPLAY DETERMINATION in Europe, and TEAM SPIRIT in the Pacific.

OPERATIONAL ACHIEVEMENTS

Air Force Reserve flying units logged more than 223,000 hours in FY 88, flying unit-equipped and associate strategic airlift, tactical airlift, fighter, rescue and tanker aircraft. Our flying is not limited to local training missions. In quantitative terms, the by-product of our world-wide Reserve contribution to MAC is impressive. MAC-gained units flew in excess of 140,000 hours in FY 88. Our Reserve tactical airlift was responsible for deploying 32,000 troops (airdropping 16,000) and 4,000 tons of cargo (airdropping 500 tons). We continue to play an important role in REFORGER in Europe. Reserve crews and aircraft were even called upon to transport Intermediate Nuclear Forces (INF) Treaty verification teams to Moscow.

The Air Force Reserve, in conjunction with the Air National Guard, continues to maintain a year-round rotation in Panama in direct support of United States Southern Command (USSOUTHCOM) with six C-130s, seven aircrews, and 60 support personnel. Last year VOLANT OAK crews flew 331 missions carrying over 10,000 passengers and over 2500 tons of cargo. A significant portion of this effort was in support of USSOUTHCOM's "Good Neighbor Programs."

In the area of competitions, a Reserve crew commanded by Lt Col Ken McKibban was selected as the "Best KC-10 Crew" during the 1988 SAC Bombing and Navigation Competition. Assigned to the 452nd Air Refueling Wing (AREFW), March AFB, California, the crew amassed an impressive score of 98.55 out of a possible 100 points.

In March of last year, a Reserve crew from the 459th MAW, Andrews AFB, Maryland, responded to an urgent request to support the deployment of the 82nd Airborne Division into Honduras. This Reserve crew, commanded by Major Tom Carter, flew the first aircraft into Palmerola Air Base, Honduras, in support of JCS Exercise "GOLDEN PHEASANT."

Crews from six Reserve units supported a critical UN Peacekeeping deployment to Iraq in August of 1988. Known as "OPERATION POST ROAD," we lifted 316 tons of cargo and 170 passengers during this deployment.

In conjunction with proficiency training, our flying units are often requested to provide a variety of humanitarian services. Air Force Reserve units were credited with saving 49 lives in FY 88 while performing over 100 search and rescue missions. During 1988, we transported over 880,000 pounds of humanitarian relief supplies, including 66,000 pounds of life-saving cargo to Jamaica after last year's devastating hurricane.

Most recently, Reserve crews from, Andrews AFB, Maryland, Westover AFB, Massachusetts, and Kelly AFB, Texas were instrumental in flying emergency missions to support the Armenian earthquake relief effort. Our crews became ambassadors of goodwill as they provided vitally needed supplies to survivors of this tragedy.

When we think of the Air Force Reserve, we normally focus on our unit program. It is important to remember that we also have over 12,000 highly trained Individual Mobilization Augmentees (IMAs) who work directly with their active duty counterparts. As but one example of the contributions these IMAs make, the Air Force Systems Command has documented over $178 million in cost savings since 1982 directly attributed to the efforts of their assigned IMAs.

Unique Reserve Missions

The Air Force Reserve has several unique missions. We provide 100% of the DoD fixed-wing, large area aerial spray capability. Additionally, along with the Air National Guard, we provide 100% of the Air Force augmentation to the airborne fire fighting effort of the US Forestry Service. In support of this mission, the 943rd TAG from March AFB, California dropped over 498,000 gallons of fire retardant during 166 missions as they helped firefighters battle the raging forest fires in our western states this past year.

APPROPRIATIONS

The Air Force Reserve is programmed for 177 mission support and 58 flying units in FY 90. The Air Force Operation and Maintenance (O&M) appropriation provides for the day-to-day operating expenses of Reserve bases and units. It includes civilian personnel pay, aviation and ground fuels, depot maintenance, real property maintenance, and supplies. This appropriation decreases in FY 90 by $64.1 million, a program reduction of 7.5%.

The O&M increases in FY 90 occur primarily in F-16 Tactical Fighters ($17 million), KC-135 robusting ($3.2 million), and price growth ($16.6 million). Major program reductions include C-130 Tactical Airlift (-$9.7 million); C-141 associate proficiency sortie flying hours (-$7.5 million); C-5 associate proficiency sortie flying hours (-$6.7 million); and civilian workyear levels and contract funding for maintenance and repair of facilities (-$12.3 million). The depot maintenance program drops $33.8 million while base operating support funding decreases by $2.1 million.

The Reserve Personnel, Air Force (RP,AF) appropriation provides for the pay and allowances of Reservists during training, while performing special tours of active duty, and while in school. It also includes funding for full-time Reservist support of the Reserve program as well as students participating in junior and senior Reserve Officer Training Corps (ROTC) programs and the Armed Forces Health Professions Scholarship program. This appropriation increases by $14.3 million in FY 90.

The RP,AF increases in FY 90 occur primarily in pay raises ($21.7 million), support for F-16 aircraft ($10.1 million) and support for KC-135 robusting ($2.5 million). Decreases occur primarily in revised retired pay accrual rates (-$46.9 million)

As a final observation on appropriations, the FY 90 budget request significantly reduces funding for military construction. Until the last few years, this program was considerably underfunded and did not allow for timely replacement and/or repair of World War II facilities. Although we are receiving our fair share to meet current construction requirements, we are not able to address the considerable backlog of facility requirements that resulted from previous shortfalls.

CONCLUSION

In summary, the combat readiness and war fighting capability of the Air Force Reserve are vital elements within the Total Force. Modernization and readiness training continue to be our primary concerns as we strive to maximize our ability to defend this nation during a time of reduced defense spending.

We are proud of what we have accomplished in 1988. We owe a special vote of thanks to our families and employers who supported the men and women of the Air Force Reserve and made their achievements possible. We heartily acknowledge the combined efforts of the Reservist, family, and civilian employer which enable us to provide our services to the Air Force and to our country. Without this teamwork, the absences from home and office, attendance at frequent training activities, and all-hour availability would be impossible to endure. Finally, the superb support Congress has seen fit to provide to Reservists, their families, and employers is essential, reassuring, and gratifying. I remain confident this momentum will prevail in the 101th Congress.

This concludes my prepared statement, Mister Chairman. I am ready to respond to your questions.

Senator **Glenn**. Have you since been involved and what has been the extent of your involvement?

General **Scheer**. No, sir, we have not since been involved.

Senator **Glenn**. General Killey, have you been involved?

General **Killey**. No, sir. Not at all.

Senator **Glenn**. Well, both of you, can you specify any recent decision on Active and Reserve Force mix in the Air Force that originated in your respective offices?

General **Scheer**. Well, I think in our case, perhaps the C–5, Senator, was the last—when we were asked by the Air Force whether we could operate the C–5 as a unit-equipped aircraft, and we had the input. Then, it was for us to say whether we could do it or not.

And so that is generally how that goes. When the Air Force periodically scrutinizes its missions to determine what would be appropriate to put in the Guard and Reserve, then they come to us, asking for our best estimate on whether we could do it or not. So perhaps C–5 was the last.

Senator **Glenn**. General Killey.

General **Killey**. Well, we have not had any changes in force mix for quite some time, other than small changes, so the Air Force has not come to us, certainly, since I have been here, to ask us if we can accept additional mission, because there has not been additional mission given to the Air National Guard in the flying arena.

TRANSFER OF FRIGATES

Senator **Glenn**. Admiral Smith, I understand the amended budget request for fiscal years 1990–1991 proposes the transfer of 10 active-force frigates in the Navy to the Navy Reserve. What effect will this proposed transfer have on the active-duty end strength in the Active force? And are any reductions reflected in the amended budget request?

Admiral **Smith**. Yes, sir. That 10 in 1990 and 1991 and the PBD from DOD called for a follow-on of 14 in the 2 later years. That also transferred the O&M funding for those ships to O&MNR, and it also arranged a transfer of MPN to RPN so that we could properly staff those ships.

Senator **Glenn**. What will be the Active and Reserve mix of the crews if those ships are transferred to the Reserve?

Admiral **Smith**. Well, for the 1052 class, we are looking at approximately 55 percent of the crew being active duty and 45 percent being SELRES. And that will vary by any specific differences on the ship and weapons systems, mods or alts on those ships; but that will be close.

Senator **Glenn**. Well, do we really save any money if we transfer the frigates to the Reserve if they continue to be manned, for the most part, by active-duty personnel?

Admiral **Smith**. Well, they are not really manned for the most part, by active duty personnel when you take 45 percent of your active crew and you translate that into—I am going to use rough figures—a cost per sailor at, let us say $30,000, compared to the cost per SELRES sailor at $3,000 a year. That is good savings.

The other part of the savings, if we look, just at the economic aspect of it is that you do not deploy those ships. And, of course, that reduces the steaming hours that would go with those deployments, and the O&MN funding that would go with that.

That is where the savings comes—in those two things. The problem for Navy is that aspect of deployability. Navy, traditionally, has been stretched in the Active forces. It has now to meet the commitments it has. To take ships able to deploy away from the Navy is going to strap Navy in meeting its commitments.

It also raises the issue, as you put more into the Reserve, are we going to have a repeat of what we had with the minesweepers, when they were called out of the Reserve, they did not recall the people with them.

So these are the questions Navy has. Navy does not question the savings; Navy does not question the readiness. Navy questions the ability to use those ships if the Navy possibly has to use them.

MINESWEEPERS

Senator GLENN. Well, the minesweepers, I was going to bring up next, because the Navy ran into difficulty when it called on the Navy Reserve force minesweepers to deploy to the gulf, as we remember.

As I recall, the first one left with none of the reservists that were assigned to the crew on board. The crews on later deployments were augmented by a handful of volunteer reservists, but the rest of the crews were active-duty personnel.

Given that experience, how viable will the 10 Navy frigates in the Navy Reserve be in meeting operational requirements short of war? Is that different than the minesweepers? If so, why?

Admiral SMITH. No, I think it is an equal application. What we have is a dilemma for the Navy for the reasons I gave you before because Navy is the force of choice in a crisis situation, short of total war.

Now, the total force, as I see it, has legislative provisions for the call-up of personnel for operational missions, short of national emergency or war.

The question is, how do you trigger that? The letter that went to Congress and to the Speaker in 1974, talked about the ability of the President to have access to call up forces, and it referred to internal and I—if you will give me a minute I will get the exact quotation on that. It addressed the ability of the President to call up those personnel, and proposed legislation to resolve that.

Those words were, "It is important that the President be able to augment the Active forces with the Reserves for operational missions, without having to declare a full-scale national emergency, with all of the attendant international and domestic implications this can have."

Now, what we have seen is, that in the real world, the way things actually happen—there are implications to a Reserve call-up, whether it be very small, or whatever.

There is also, and I think we have to face up to the fact that there is the specter of the War Powers Act hanging over this issue.

Now, whether there is a statutory relationship between the two is not the issue. The issue is, what assurance do force and fleet commanders have that they can have immediate accessibility to those forces?

Senator GLENN. I will not give time for a rebuttal to the other members of the panel here on that force of choice comment, knowing how the Pentagon works. [Laughter.]

But I think what you meant was, they are flexible. There are imports around the world, maybe more readily available than some others and I would agree with that, certainly.

Admiral SMITH. I defer to your comment, Senator. [Laughter.]

Senator GLENN. Captain Cozzolino, you indicate in your statement, the Coast Guard Reserve is requesting end strengths in the amended budget request of 12,950 for fiscal year 1990 and 13,500 in fiscal year 1991.

You further indicate that these end strengths would allow the Coast Guard Reserve to meet only 65 percent of its minimum mobilization requirements, or 47 percent of its highest priority mobilization requirements.

What do these readiness shortfalls mean in terms of missions that you are unable to fill?

STATEMENT OF CAPT. ROBERT G. COZZOLINO, DEPUTY FOR RESERVE OFFICE OF READINESS AND RESERVE, U.S. COAST GUARD

Captain COZZOLINO. Yes, sir. The Coast Guard maintains a state of readiness to function as a specialized service in the Navy in time of war, as required by Title 14, U.S. Code. To the Coast Guard Reserve, this means people.

Our requirements analyses have identified the need to increase Coast Guard military personnel strength by up to 27,500 within the first 30 days of a full mobilization. That is Coast Guard strength.

In response to this need, the Coast Guard, in consultation with the Office of the Secretary of Transportation and the Office of Management and Budget, has completed and delivered to Congress a Selected Reserve growth plan.

The plan, required by Congress, outlines manpower, equipment and facilities needed to build the Coast Guard Selected Reserve force to 95 percent of our highest-priority mobilization manpower needs by 1998.

The President's budget submission proposes the growth for the Coast Guard Selected Reserve from its current 12,100 to strength levels, as you mentioned, of 12,950 in fiscal year 1990 and 13,500 in fiscal year 1991.

The Coast Guard Reserve budget is personnel intensive. Since our Reserve is trained, using equipment in current active-duty Coast Guard inventories, the very equipment they will use in the event of mobilization, our needs to pre-position equipment are significantly lessened. In fact, the greatest portion of our appropriated funds, approximately 85 percent, are directly allocated to personnel-related functions.

Our fiscal planning is, necessarily, oriented to this fact. While authorized a strength level of 13,000 in fiscal year 1989, the Coast Guard Selected Reserve is constrained by an appropriation that funds a full training program for only 12,100.

Should the Coast Guard training appropriations for fiscal years 1990 and 1991 not consider the full spectrum of cost factors that affect Reserve personnel functions, the Coast Guard Selected Reserve will be fiscally capped at a level significantly lower than that requested.

As I said, to the Coast Guard Reserve, readiness means people. We have in the plan a series of strategic U.S. ports that require Coast Guard Reserve personnel, Coast Guard personnel in total, to assure the out-load capability for which they are designed to handle.

As we progress over the 10-year period, we would meet more and more of those port requirements, but cannot at this point.

[The statement of Capt. Robert G. Cozzolino follows:]

STATEMENT BY
CAPTAIN ROBERT G. COZZOLINO
DEPUTY FOR RESERVE
OFFICE OF READINESS AND RESERVE
U. S. COAST GUARD

MISTER CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE:

I AM CAPTAIN ROBERT G. COZZOLINO, DEPUTY FOR RESERVE, THE OFFICE OF READINESS AND RESERVE, UNITED STATES COAST GUARD, I AM PLEASED TO HAVE THIS OPPORTUNITY TO PRESENT TO YOU A BRIEF OVERVIEW OF THE COAST GUARD RESERVE. I TAKE GREAT PERSONAL PRIDE IN SPEAKING ABOUT OUR PROGRAM.

DURING 1990, THE COAST GUARD WILL BE ENTERING ITS THIRD CENTURY OF SERVICE TO OUR NATION. IT IS THE OLDEST CONTINUOUS SEA SERVICE AND TODAY A MOST UNIQUE ARMED FORCE. IN ADDITION TO OUR IMPORTANT STATUTORY PEACETIME FUNCTIONS ENFORCING A VARIETY OF THIS NATION'S LAWS, THE COAST GUARD HAS A SIGNIFICANT ROLE TO PLAY AS PART OF THE DEPARTMENT OF THE NAVY UPON MOBILIZATION. THIS DUAL ROLE CONCEPT ENABLES THE COAST GUARD TO FULFILL ITS PEACETIME MISSIONS AND, AT THE SAME TIME, MAINTAIN SPECIALIZED MILITARY CAPABILITIES FOR MOBILIZATION. IN FACT, MANY OF THE COAST GUARD'S WARTIME MISSIONS ARE EXTENSIONS OF ITS PEACETIME PROGRAMS.

PEACETIME MISSIONS

THE PEACETIME MISSIONS OF THE COAST GUARD, SUCH AS SEARCH AND RESCUE, AIDS-TO-NAVIGATION, DRUG INTERDICTION, SAFETY OF MARITIME TRANSPORTATION, PORT SAFETY AND SECURITY, FISHERIES PATROLS, AND A MULTITUDE OF OTHER MANDATED MISSIONS, ARE KNOWN MOSTLY BY THE PEOPLE OR ORGANIZATIONS THEY AFFECT. UNAWARE OF THESE STATUTORY MISSIONS, THE GENERAL PUBLIC HAS A MENTAL PICTURE OF THE COAST GUARD AS MAINLY A LIFE SAVER AT SEA OR AS SEA GOING DRUG

POLICEMEN. IN REALITY, THE PEACETIME COAST GUARD HAS MANY MORE FUNCTIONS. OVER TIME, THE RESPONSIBILITIES ATTRIBUTED TO THE COAST GUARD IN TITLE 14 U. S. CODE HAVE BEEN MARKEDLY EXPANDED BY THE CONGRESS AND THE PRESIDENT.

EXAMPLES OF RECENT LAWS AND POLICY DETERMINATIONS WHICH BEAR DIRECTLY ON COAST GUARD'S ROLE AS THE NATION'S PRIMARY MARITIME LAW ENFORCEMENT AGENCY INCLUDE THE CLEAN WATER ACT; PORTS AND WATERWAYS SAFETY ACT; MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT AND AN ACT TO PREVENT POLLUTION FROM SHIPS. THE COAST GUARD SELECTED RESERVE HAS A SIGNIFICANT ROLE IN THE ENFORCEMENT OF THESE AND THE HOST OF OTHER PEACETIME MISSIONS.

WARTIME MISSIONS

THE TRANSITION FROM PEACETIME TO A WARTIME FOOTING IMPOSES ADDITIONAL COAST GUARD RESPONSIBILITIES. WE ARE REQUIRED BY TITLE 14 OF THE U. S. CODE TO MAINTAIN A STATE OF READINESS TO FUNCTION AS A SPECIALIZED SERVICE IN THE NAVY IN TIME OF WAR. THIS NOW INCLUDES FUNDAMENTAL MARITIME DEFENSE ZONE COMMAND RESPONSIBILITIES. AS A CONTINUATION OF OUR HISTORICAL ROLE IN NATIONAL SECURITY, MARITIME DEFENSE ZONE TASKING IS A LOGICAL EXTENSION OF PEACETIME DUTIES.

A MEMORANDUM OF AGREEMENT WAS SIGNED ON 7 MARCH 1984 BETWEEN THE SECRETARY OF TRANSPORTATION AND THE SECRETARY OF THE NAVY AUTHORIZING THE ESTABLISHMENT OF THE MARITIME DEFENSE ZONES. SUBSEQUENTLY, THE CHIEF OF NAVAL OPERATIONS DESIGNATED BOTH COAST GUARD AREA COMMANDERS AS U.S. MARITIME DEFENSE ZONE COMMANDERS, ATLANTIC AND PACIFIC. MARITIME DEFENSE ZONES ATLANTIC AND PACIFIC ARE THIRD-ECHELON NAVY COMMANDS WHICH REPORT DIRECTLY TO THE COMMANDERS IN CHIEF, ATLANTIC FLEET AND PACIFIC FLEET. IN PEACETIME, THEY ARE RESPONSIBLE FOR PLANNING COASTAL AND HARBOR DEFENSE AND FOR EXERCISING COAST GUARD AND NAVY FORCES IN SUPPORT OF THOSE APPROVED OPERATIONAL PLANS. AS ONE OF THE FIVE ARMED

FORCES, THE COAST GUARD HAS AS A KEY WARTIME MISSION THE SECURITY OF THE NATION'S WATER TRANSPORTATION SYSTEM, INCLUDING ITS PORTS AND WATERWAYS. TODAY, THE COAST GUARD'S OPERATIONAL PLATFORMS AND EXISTING COMMAND, CONTROL, AND COMMUNICATION SYSTEMS ALREADY OPERATE IN THE NATION'S COASTAL AREAS, ENSURING MARITIME SAFETY AND ENFORCING LAWS WHICH INCLUDE DRUG INTERDICTION OPERATIONS. THE REQUIREMENT FOR PORT SECURITY IS MOST CRITICAL DURING THE EARLY STAGES OF MOBILIZATION OR INITIAL DEPLOYMENTS OF NAVAL COMBATANT SORTIES, AND AS SHIPMENTS OF MILITARY SUPPLIES AND EQUIPMENT ARE BEING RUSHED THROUGH STRATEGIC PORTS TO QUICKLY RESUPPLY DEPLOYED COMBAT FORCES.

TRAINING

THE CORNERSTONE OF THE COAST GUARD RESERVE TRAINING PROGRAM REMAINS AUGMENTATION TRAINING. AUGMENTATION TRAINING MAY BE DESCRIBED AS ANY RESERVE ACTIVITY THAT SUPPORTS EFFECTIVE TRAINING FOR MOBILIZATION WHILE MEETING A STATED NEED OF AN ELEMENT OF THE ACTIVE COAST GUARD. THROUGH AUGMENTATION, RESERVISTS WORK SIDE-BY-SIDE WITH THEIR ACTIVE DUTY COUNTERPARTS, HONING THEIR MOBILIZATION SKILLS WHILE CONDUCTING ACTUAL PEACETIME MISSIONS OF THE COAST GUARD. SEVENTY PERCENT OF THE 1.6 MILLION HOURS OF AUGMENTATION TRAINING PERFORMED ANNUALLY ARE DIRECTLY RELATED TO PORT SECURITY MOBILIZATION SKILLS. SMALL BOAT HANDLING, SMALL ARMS QUALIFICATIONS, COMMUNICATIONS PROCEDURES - - ALL TRANSLATE DIRECTLY TO MOBILIZATION TRAINING. BUT AUGMENTATION IS ONLY ONE OF THE ELEMENTS OF OUR RESERVE TRAINING PROGRAM.

THE KEY COMPLEMENT OF AUGMENTATION TRAINING IS FORMAL TRAINING. FORMAL TRAINING IS RESIDENT OR NON-RESIDENT INSTRUCTION BASED UPON A FORMAL SCHEDULE AND LESSON PLANS. A DRAMATIC IMPROVEMENT OVER CLASSROOM TRAINING UTILIZED BY RESERVISTS OF THE 1960S AND 1970S, TODAY'S FORMAL TRAINING UTILIZES STATE-OF-THE-ART TRAINING METHODS AND MATERIALS DEVELOPED BY PROFESSIONAL EDUCATORS AND

ADAPTED TO THE UNIQUE REQUIREMENTS OF OUR RESERVE FORCE. THE FOUNDATION OF THE COAST GUARD RESERVE'S CURRENT FORMAL TRAINING PROGRAM IS PROJECT STARFIX.

PROJECT STARFIX WAS CONCEIVED IN 1985 AS A STRUCTURED APPROACH TO SYSTEMATICALLY DEVELOP IMPROVED TRAINING PROCESSES SETTING MINIMUM READINESS SKILLS, DEFINING TRAINING AVENUES FOR GAINING THESE SKILLS, AND PUTTING IN PLACE THE MEANS TO DOCUMENT AND EVALUATE THIS SKILL ATTAINMENT. WE ARE EXTREMELY PLEASED WITH ITS CONTRIBUTION TO RESERVE READINESS THUS FAR.

STARFIX HAS CONTRIBUTED TO A GREATER RAPPORT WITH THE OPERATING PROGRAM MANAGERS TO WHOSE MISSIONS THE RESERVE FORCE RESPONDS. IN ADDITION, IT HAS FOSTERED A CLOSER COORDINATION BETWEEN RESERVE UNITS AND THE ACTIVE SERVICE UNITS THEY WILL AUGMENT UPON MOBILIZATION; IT HAS IDENTIFIED CORRESPONDING LOGISTICAL NEEDS MORE CLEARLY; AND ITS EVALUATION MODE ENABLES CHANGE AND ADAPTATION OF THE PRIMARY TRAINING DELIVERY SYSTEMS--AUGMENTATION TRAINING, FORMAL SCHOOLS, CORRESPONDENCE COURSES, AND EXERCISES--TO THE DYNAMICS OF THE CONSTANTLY CHANGING MOBILIZATION TRAINING ENVIRONMENT.

EQUIPMENT:

THE COAST GUARD IS CONTINUALLY REVIEWING FIELD INPUT AND UPDATING LOGISTICS SHORTFALLS. OUR LOGISTICS PLANS PRESENTLY ADDRESS FULL MOBILIZATION ONLY. HOWEVER, ANALYSIS INDICATES LOW-INTENSITY CONFLICTS, NOT FULL MOBILIZATION/GLOBAL WAR, AS THE MOST LIKELY SCENARIO. ACCORDINGLY, EQUIPMENT SHORTFALL UPDATES ARE BEGINNING TO FOCUS UPON EQUIPMENT REQUIREMENTS TO SUPPORT COAST GUARD TASKING DURING SUCH CONTINGENCIES. IT IS IMPORTANT TO NOTE THAT COAST GUARD MOBILIZATION EQUIPMENT REQUIREMENTS ARE NOT JUST FOR THE RESERVE FORCE. SINCE MOBILIZING RESERVISTS WILL AUGMENT ACTIVE DUTY COMMANDS, THE ACTIVE DUTY COMPONENT ASSUMES MOBILIZATION LOGISTICS RESPONSIBILITIES. AT THE PRESENT, THE

COAST GUARD DOES NOT HAVE SUFFICIENT SMALL BOATS, SENSORS, VEHICLES, PROTECTIVE CLOTHING, OR HAND-HELD COMMUNICATION EQUIPMENT AT ACTIVE FORCE UNITS TO SUPPORT EITHER FULL MOBILIZATION OR LOW-INTENSITY CONFLICTS. THESE SHORTCOMINGS WILL BE ADDRESSED IN FUTURE BUDGET REQUESTS. IT MUST ALSO BE NOTED THAT DURING FY 1988, THE COAST GUARD HAD AVAILABLE ONLY FOUR PERCENT OF THE EQUIPMENT (IN DOLLARS) THAT THE CURRENT RESERVE FORCE WILL REQUIRE UPON MOBILIZATION TO PERFORM ITS WARTIME ASSIGNMENTS.

EXERCISE PARTICIPATION

THE COAST GUARD PARTICIPATES IN A WIDE RANGE OF READINESS EXERCISES TO TEST WARTIME PLANS, POLICIES AND PROCEDURES. AT THE SAME TIME, EXERCISES PROVIDE EXCELLENT TRAINING IN RESPONDING TO GENERAL WAR CONTINGENCIES FOR BOTH ACTIVE DUTY AND RESERVE PERSONNEL. IN FY1988 OVER ONE THIRD OF OUR RESERVE FORCE PARTICIPATED IN SUCH INTER-SERVICE EXERCISES AS REFORGER, OCEAN VENTURE, URGENT QUEST, AGILE KNIGHT, MARDEZEX SAFE HARBOR, MARDEZEX PUGET SOUND AND MANY OTHERS. THE EXERCISE PROGRAM PROVIDED OVERSEAS TRAINING OPPORTUNITIES FOR

- THREE PORT SECURITY UNITS
- ONE PORT SAFETY DETAIL
- ONE FUEL TRANSFER SUPERVISORY TEAM
- FOUR LORAN SECURITY TEAMS
- ONE LORAN-C REPLACEMENT DETAIL
- ONE MOBILE OPERATION CENTER DETAIL
- 12 EXPLOSIVES LOADING ADVISORY TEAMS, AND
- THE CG ACTIVITIES EUROPE STAFF AUGMENTATION GROUP

SUCH ON-SITE TRAINING IN THE FORWARD AREA IS INVALUABLE FOR ASSESSING THE READINESS OF THE COAST GUARD TO PERFORM ITS WARTIME MISSIONS.

SELECTED RESERVE GROWTH PLAN

A PRINCIPAL INDICATOR OF THE COAST GUARD RESERVE'S READINESS TO AUGMENT THE ACTIVE FORCE IN WARTIME IS THE SIZE OF THE SELECTED RESERVE. THE COAST GUARD HAS IDENTIFIED A NEED TO INCREASE ITS MILITARY RESERVE PERSONNEL TO A LEVEL OF 20,850 TO 27,500 WITHIN THE FIRST 30 DAYS OF A MOBILIZATION. IN RESPONSE TO THIS NEED THE COAST GUARD, IN CONSULTATION WITH THE OFFICE OF THE SECRETARY OF TRANSPORTATION AND THE OFFICE OF MANAGEMENT AND BUDGET, HAS COMPLETED AND DELIVERED TO CONGRESS A SELECTED RESERVE GROWTH PLAN. THIS PLAN OUTLINES MANPOWER, EQUIPMENT AND FACILITIES NEEDED TO BUILD THE COAST GUARD'S SELECTED RESERVE FORCE TO 95 PERCENT OF OUR HIGH PRIORITY MOBILIZATION MANPOWER NEEDS BY 1998. IT IS NOT A BUDGET DOCUMENT, BUT WILL SERVE AS A FRAMEWORK FOR FURTHER GROWTH INITIATIVES. BY COMPARISON, THE MANNING LEVELS OF THE OTHER RESERVE COMPONENTS HAVE ALREADY SURPASSED 90 PERCENT OF THEIR HIGH PRIORITY MOBILIZATION REQUIREMENTS.

FISCAL YEARS 1990/1991

THE PRESIDENT'S BUDGET SUBMISSION PROPOSES GROWTH OF THE COAST GUARD SELECTED RESERVE FROM ITS CURRENT 12,100 TO STRENGTH LEVELS OF 12,950 IN FY1990 AND 13,500 IN FY1991, ENABLING THE COAST GUARD RESERVE TO MEET 65 PERCENT OF ITS IDENTIFIED MINIMUM MOBILIZATION REQUIREMENTS OR 47 PERCENT OF ITS HIGHEST PRIORITY MOBILIZATION REQUIREMENTS. HOWEVER, EVEN THESE MODEST GROWTH INCREMENTS MAY BE AT RISK. WE WOULD LIKE TO SEE CLOSER AGREEMENT BETWEEN THE AUTHORIZING COMMITTEES OF THE HOUSE AND SENATE, WHICH ENDORSE THE NEED FOR COAST GUARD SELECTED RESERVE GROWTH, AND THE APPROPRIATION COMMITTEES OF THE RESPECTIVE CHAMBERS WHICH PROVIDE FUNDING FOR A SIGNIFICANTLY SMALLER FORCE.

MORE THAN ANY OTHER RESERVE COMPONENT, THE COAST GUARD RESERVE BUDGET IS PERSONNEL DRIVEN. IN EXCESS OF 85 PERCENT OF OUR APPROPRIATED FUNDS ARE ALLOCATED TO PERSONNEL RELATED FUNCTIONS. COAST GUARD RESERVISTS TRAIN USING ACTIVE DUTY COAST GUARD

EQUIPMENT, THE SAME EQUIPMENT WHICH WILL BE USED IN THE EVENT OF MOBILIZATION. OUR FISCAL PLANNING IS NECESSARILY ORIENTED TO THIS FACT. AUTHORIZED A STRENGTH LEVEL OF 13,000 IN FY1989, THE COAST GUARD SELECTED RESERVE WAS SUBSEQUENTLY CONSTRAINED BY AN APPROPRIATION THAT FUNDED A FULL TRAINING PROGRAM OF ONLY 12,100. SHOULD THE COAST GUARD RESERVE TRAINING APPROPRIATIONS FOR FY1990 AND FY1991 NOT TAKE INTO CONSIDERATION THE FULL SPECTRUM OF FACTORS THAT AFFECT RESERVE PERSONNEL FUNCTIONS, THE COAST GUARD'S SELECTED RESERVE COULD BE FISCALLY CAPPED AT A STRENGTH LEVEL SIGNIFICANTLY LOWER THAN THAT REQUESTED.

COAST GUARD RESERVE TRAINING PERSPECTIVES

CUMULATIVELY, OUR SELECTED RESERVE GROWTH PLAN, REINVIGORATED PERSONNEL TRAINING PROGRAM, AND TESTING OF READINESS PLANS IN THE INTER-SERVICE MOBILIZATION EXERCISE PROGRAM DEPICT A RESERVE COMPONENT AWARE OF ITS NATIONAL SECURITY OBLIGATIONS; A RESERVE COMPONENT FOCUSED UPON ATTAINING THE CAPABILITY TO MAXIMIZE ITS CONTRIBUTION TO THE COAST GUARD IN SUCCESSFUL PERFORMANCE OF ALL WARTIME MISSIONS ASSIGNED BY DOD/NAVY TASKING. IN TESTIMONY BEFORE THE HOUSE COMMITTEE ON MERCHANT MARINE AND FISHERIES, SUBCOMMITTEE ON COAST GUARD AND NAVIGATION, ON MARCH 22, 1988, THE COMMANDANT OF THE COAST GUARD, ADMIRAL PAUL YOST, WAS SPEAKING OF THE COAST GUARD RESERVE WHEN HE SAID:

"AN INADEQUATE FORCE LEVEL ADVERSELY IMPACTS THE COAST GUARD'S ABILITY TO CARRY OUT ITS RESPONSIBILITIES UNDER THE MDZ [MARITIME DEFENSE ZONE] CONCEPT, WHICH INCLUDES THE SECURITY OF U.S. STRATEGIC PORTS AND THE PROTECTION OF WATER TRANSPORTATION SYSTEMS. FAILURE TO ACCOMPLISH THESE MISSIONS WOULD SEVERELY WEAKEN DOD'S STRATEGY TO OUTLOAD SUPPLIES AND PERSONNEL FROM U.S. PORTS SAFELY AND EFFICIENTLY."

I WILL BE PLEASED TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

Senator GLENN. What part, of your mission would you not be able to perform, because you indicate these end strengths would allow the Coast Guard Reserve to meet only 65 percent of its minimum mobilization requirements, and only 47 percent of the highest priority mobilization requirements? What does that mean in terms of, for instance, the highest priority mobilization requirements would be almost 50 percent short on. What does that mean you would not be able to do?

Captain COZZOLINO. Yes, sir. In the ports that we feel require protection, security, we cannot fully cover all those ports today.

When we talk in terms of being in the 47 percent area, some ports would not have full security forces. We need to bring on more port-security units in order to handle that security.

I cannot at this time say which ports we would not be able to fully man, fully ensure an out-load capability.

Senator GLENN. Your wartime mission is basically port security?

Captain COZZOLINO. Basically, port security, yes, sir.

Senator GLENN. Okay. Well, Admiral Smith, the Coast Guard comes under the Navy during periods of mobilization. Readiness shortfalls in there, in the Coast Guard Reserve, obviously, impact on the Navy's wartime mission. To what extent have you been working with the Coast Guard in this regard, to help correct its serious readiness shortfalls?

Admiral SMITH. Well, there has been an on-going discussion of these issues and others in the NAV Guard Board, which is a meeting of the vice-chief of the Navy and his counterpart with the Coast Guard, and that occurs on a regular 6-month basis with an agenda that covers these and other issues.

And what I think you are seeing is a joint addressal of these, even to the point of Navy sharing funding of issues, or items with the Coast Guard that had not occurred before.

I also think that the inclusion of the Coast Guard in the maritime defense zone, where the Coast Guard Three Star becomes a force commander under the CINC, further cements that relationship and is an acknowledgement of the role that the Coast Guard will play as a part of Navy.

Senator GLENN. Mr. Duncan, were you aware of that readiness shortfall in the Coast Guard? Have you been looking into that at all?

Mr. DUNCAN. I am following it. I will tell you that I do not follow it on a daily basis. But I do ask Admiral Welling who is, of course, the Chief of the Coast Guard Reserve, to join me in my regular staff meetings and so forth. So I follow it from a distance. I follow the Coast Guard's budget, but, as you know, the Coast Guard is not involved in our budgetary planning and program planning within DOD per se, since the Coast Guard's budget is a Department of Transportation issue. But we follow it very closely and we are aware of it.

Senator GLENN. I thought it was a little incongruous a couple of years ago. I do not know what the status is right now. We all stood up here and beat our breasts about how tough we are going to be on anti-drug issues, and we want the Coast Guard to intercept all this trafficking, and we are going to do all these things, and we all posture all over the place.

And at that time the administration had half the Coast Guard ships in port, without steaming time money, without operations funds. At the same time we are all talking about how tough we are going to be on drugs—half the force sitting there—people on board—it was not a people problem then. They could not even put fuel in the boats to run them up and down and do the job they were supposed to do. That was about as short-sighted as anything I have seen around here for some time.

Has that been corrected, Captain?

Captain COZZOLINO. Yes, sir.

Senator GLENN. Everything that can run against drugs is now out running against drugs? Can we assume that?

Captain COZZOLINO. Yes, sir, we can.

Senator GLENN. Good. At least that got corrected.

HAWK MISSILE BATALLIONS

General Temple, each of the statements of National Guard witnesses highlighted the need for approval of the full-time personnel levels contained, full-time manning levels contained in the 1990-1991 amended DOD budget to accommodate expanded, or new missions being picked up by the National Guard.

For example, the Army National Guard has been tasked to take on four Hawk missile batallions that are being transferred from the Active Army force structure.

I have been advised that the Army National Guard will require increased, full-time manning to effectively accept the four Hawk batallions.

Does the full-time manning level for the Army National Guard, reflected in the amended budget request, accommodate transfer of the four Hawk batallions?

General TEMPLE. Don, can you help me? It, apparently, does not sir.

General BURDICK. Sir, the amended budget requests shows but 250 increase in Active Guard/Reservists, and a 337 increase in military technicians.

Sir, to give you an example. In the State of Ohio, that great State of Ohio, where we intend to place a Hawk batallion, we need 340 Active Guard/Reservists and 69 technicians, for a total of 409. And that payroll amounts to about $16 million there.

Senator GLENN. Interesting figure. [Laughter.]

General BURDICK. Sir, in Nebraska——

[Laughter.]

My colleague asked me about Nebraska.

Senator GLENN. Forget it. He left. [Laughter.]

General BURDICK. If you would permit me——

Senator GLENN. Give me the figures, I will get them over to him. [Laughter.]

General BURDICK. In the State of Nebraska, to fill the requirements of our organizational maintenance shops and other facilities there, we have a total of 20 personnel. That payroll is close to $800,000 now.

And I can go to Massachusetts and other States here.

The point being that we seriously need the full-time manning, not only to take on and support the new structure that is to come, but even past structure.

For example, sir, I was out in Iowa just yesterday and looked at one of our Regional Maintenance Training sites—we have a capital investment of millions of dollars worth of panel trainers, turret trainers, facilities to train our maintenance units to support our combat units.

In talking with the staff out there, they could increase the number of personnel coming through, number of mechanics that we would train there, if we could increase the full-time instructors. I have but eight instructors out in that facility.

So we really have not kept the faith with our units in terms of the full-time manning necessary to do the job today.

Senator GLENN. The full-time manning is one that is very controversial, as you are probably aware, and this subcommittee has been critical of it in the past, because we felt it sort of grew uncontrolled for a long time.

This was before I was even on the committee. But it started really growing at a time when there has been some requests for a couple of extra divisions. They were not there; the approval for those did not come in. And the full-time manning concept sort of grew to almost the numbers of those two divisions that were denied, and was increased in end strength by other means. That is the way the committee and some of the people on it looked at it here, and also across the river in the Defense Department.

Since then we have been rather critical of full-time manning, and I have questioned some of it in the past. On the basis that, you have people in full-time manning who, in effect, perform full careers in the military, full 20-year, or 30-year careers in the military, theoretically, without ever leaving home. Without ever having to uproot the kids, without ever having to do anything, and they have all the benefits that the Regulars get, except they do not have to do the overseas tours. They stay at home, basically.

Now, I know that these people are moved around sometimes, but it would be rare that they ever stayed absolutely in one spot. But they do not move very far. They will move from one part of a State to another, maybe.

So I have questioned the full-time manning on that basis in the past, as to whether it is really a fair way to go or not, or whether the best way to go was to do as used to be done way back, at least, and you rotated regulars through those positions to, in effect, do the full-time manning. And it made a rotation between the Reserves and the Regulars, that I thought had some other benefits, too.

The full-time manning is sort of an inside ballgame there, if you will.

General TEMPLE. I do not think that it has been portrayed to you properly, if that is the belief that you have.

Senator GLENN. Well, what percent of the full-time manners would be taken out and would be gone and have to do a year, or 2-year tour overseas?

General TEMPLE. Well, from the National Guard, there is no requirement that they do that at all.

I must tell you, I have moved 27 times in my career. And I cannot find one professional capability that has been increased because of my moves. My wife has become very adroit at it, but I cannot say that I have—my professionalism is not improved because of the reassignments I have had.

Of course, my experience has been broadened. But, on the other hand, given the kinds of functions that we ask the full-time force to perform, the fact that they spend long periods of time with soldiers and are able to bond and establish cohesion has value to us.

As a matter of fact, the entire Reserve component system—the capability we have achieved has been built upon one year upon the other year.

So I fail to see what value you get from rotating them around the world, as a matter of fact. One of the detractors from capability within the Active forces, is that you take an Active force unit, and after you have it together for 2 years, and you rotate the people out, you have lost the effect of those people being trained together.

That is one of the down sides of going through the National Training Center with Active units.

About every 2 years, when you join that unit, you will find a whole new organization.

When we send our units through the National Training Center, and we, as soldiers, have been through there five, six and seven times. They stay with their unit. They inbreed that capability and that experience within the unit.

I happen to believe that that is a strength for the National Guard is the fact that they do not have to relocate them.

Admiral SMITH. Mr. Chairman, I would like to comment on that from a parochial point of view. The Navy personnel in full-time support, move at the same rate as those in the regular service—the planned rotation date (PRD) is on the same basis. We do not have people staying in one place.

Our surface warfare officers are operating in the fleet. We have reservists, full-time reservists, in command of Active fleet ships.

So I do not see that same parallel that you were referring to as applying to the Navy—to our program, sir.

General WARD. Mr. Chairman, if I might add, in the Army Reserve, our AGRs tend to move at a rate almost equal to, and in some grades, the senior grades, they tend to move at a rate higher than the Active component.

People we tend to keep in units, of course, are the military technicians.

Our force is somewhat different than the rest of them. It is much smaller in number. It is much more junior, and our requirement of about 29,000 is less than a third met.

General BURDICK. Sir, with all respect, I really do not think it is a question of whether they move or not, but the job that they are doing for us.

And as General Temple pointed out, there is certainly a benefit to their not moving.

But, sir, they do, they move within the State. We do have interstate transfers. And also, sir, I have a force of Title 10 full-time personnel that I move every 3 years. Sometimes less than that.

Sometimes maybe a year more in a position. But all over the world today.

And I think we can attribute the increase in readiness to the increase in full-time manning that the Guard has today. And this is why it is so important for us.

With the sophisticated weapon system, the Apaches that we have, the Hawk batallions that we have now, sir. It is important that we have this full-time support.

We also require our full-time people to take advantage of the Active component schools, and look to them as being the cadre, the nucleous of, really, our professional force. And this is not to lessen the professionalism of the part time, the traditional Guardsman.

We also encourage him, or her to go to the Active component schools, but we also allow them to avail themselves of the schools that we do have in the USAR, or at state level.

And so we are managing this entire force, sir, from a professional standpoint, and we think it is of benefit to us.

Mr. DUNCAN. Senator, I would add a word on that. Within OSD, we see a relationship between the readiness of units and the ratio of full-time support to end strength of the Reserve. I cannot say that there is a direct causal connection, but there is certainly a relationship.

Senator GLENN. General Looney, would you comment on the readiness of the Marine Corps Reserve and how you use Active force personnel in the Marine Corps Reserve?

STATEMENT OF MAJ. GEN. E.P. LOONEY, JR., U.S. MARINE CORPS, ASSISTANT DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS FOR RESERVE AFFAIRS

General LOONEY. Sir, we measure the readiness in the Marine Corps Reserve two ways. As the committee discussed earlier, we use the C-level summary, but we also use what we call the MORD, Mobilization Operational Readiness Deployment Test, and the Marine Corps Readiness Evaluation System. Our Reserve units are graded on the same basis as our Active units.

We have active duty people in the Marine Corps Reserve, full-time support personnel, where our strength this year is authorized at 1,945. And then we have what we call the I&I staffs, which are Active-component military assigned to units from company level on up to provide that continuity within the Reserve organization.

Right now we are attempting to meld active component personnel into the Reserve T/O so that the FMF tours, or fleet tours, could be assigned to these people who are associated with the Reserve.

Senator GLENN. What is the usual length of tour of a regular assigned to that kind of duty?

General LOONEY. Three years, sir.

Senator GLENN. Do you get any advantage from that as far as the employment of Active-force personnel in the Marine Corps Reserve—provide better integration from a total force standpoint?

General LOONEY. We feel it does. Yes, sir. It is giving, really, the regular-force people, as the end strength is going down in the Marine Corps having taken three infantry batallions out of the

Active structure, an opportunity to have a command or work with commanders in the Marine Corps Reserve. It is an opportunity they would not be able to get on the Active side of the house, because of the reduction of the Active structure.

[The prepared statement of General Looney follows:]

PREPARED STATEMENT OF MAJOR GENERAL E. P. LOONEY, JR. ASSISTANT DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS FOR RESERVE AFFAIRS

Mr. Chairman, distinguished members of the Committee, it is indeed a privilege to report to you the current posture and future programs of the Marine Corps Reserve. This is my first opportunity to address this committee since becoming the Assistant Deputy Chief of Staff for Manpower and Reserve Affairs for Reserve Affairs. On December 1, 1988 the position of Deputy Chief of Staff of Reserve Affairs was elevated to the three star level. LtGen John Hudson was nominated to assume the dual role of Deputy Chief of Staff for Manpower and Reserve Affairs and he was assigned two Assistant Deputy Chiefs of Staff, one for Manpower and one for Reserve Affairs. The integration of the Reserves with Manpower was a major milestone in the Commandants continuing efforts to identify the Marine Corps Reserve as, in fact, a full partner in the Total Force. The integration of Reserve and Active components also further capitalizes on the personnel policy and management expertise resident within our Manpower Department since the majority of our personnel issues are one in the same whether Active or Reserve.

The combat readiness and war fighting capability of the Marine Corps Reserve is at an all time high. Your continuing support for our manpower, equipment, facilities and sustainment requirements, has greatly enhanced our readiness and warfighting capabilities.

Evidence of our enhanced capability:

- Achievement of 100 percent of our non-prior service recruiting goals, including 98 percent high school graduates

- 9.93% reduction in Selected Marine Corps Reserve personnel turnover
- Attainment of end strength to within one-tenth of 1 percent of the established goal
- Substantial equipment modernization in air, ground and logistics organizations
- Participation by over 23,000 reservists in major exercises within the Continental United States and several exercises abroad including Germany, Norway, Egypt, Korea, Philippines and Thailand.
- Use of simulators and trainers to improve individual and crew operation skills on our weapons systems

With the continued support of the Congress, the full potential of the U.S. Marine Corps Reserve's capability to contribute to the national defense as part of the Total Force will be realized.

The framework for our future continues to be based on three fundamental strategies:

(1) Recruit, train, and retain only quality personnel.

(2) Maintain the modernization effort to provide quality equipment.

(3) Continue to improve the Active and Reserve integration of personnel and equipment.

RESERVE ROLES

The thrust of Total Force integration to achieve an optimum balance between peacetime monetary expenditures and a wartime fighting force is critical when describing the roles of the Marine Corps Reserve.

The augmentating and reinforcing roles mandated by Defense Guidance are the primary mobilization missions of our Reserve in support of the Active component. The strategy the Corps has pursued to fulfill the nation's expectation of its premier force-in-readiness is dependent upon our ability to quickly respond to aggression with the Active force, and then, if required, to rapidly and efficiently mobilize the Reserve force for expansion of the Active force and to provide sustainability during a major conflict or national emergency in order to project integrated combat power.

We do not anticipate any change to these roles in the near future. The force structure is designed to support the needs of the Active Force. When required the Reserve will augment certain critical requirements to provide a balanced Marine Total Force capability.

Considered as a Total Force, 25 percent of the Marine Corps' force structure and 32 percent of the trained manpower available to the Marine Corps are in the Reserve. The following chart depicts the major contributions made by the Reserve to the Total Force.

MARINE CORPS RESERVE CONTRIBUTIONS TO THE TOTAL MARINE CORPS

Unit Types[1]	Percent of Total Marine Corps
Civil Affairs Groups	100
Salvage Platoons	100
Bulk Fuel Companies	62
Force Reconnaissance Units	50
Air/Naval Gunfire Liaison Companies (ANGLICO)	50
Force Service Support Group Military Police	40
Tank Battalions	40
Beach and Port Companies	40
Heavy Artillery Batteries	33
Infantry Battalions	27
Division Reconnaissance Battalions	25
Light Anti-Aircraft Missile Battalions (LAAM)	25
Marine Air Control Group (MACG)	25
Marine Wing Support Group (MWSG)	25
Force Service Support Group (FSSG)	25
Low Altitude Air Defense Batteries (LAAD)	25

[1] Percentages determined by counting same type units (data as of January 30, 1989).

Aircraft Types[2]

Observation Aircraft (VMO)	33
Aerial Refueling Aircraft (VMGR)	29
Light Attack Aircraft (VMA)	28
Fighter Aircraft (VMFA)	20
Electronic Warfare Aircraft (VMAQ)	18
Helicopters (HML, HMA, HMM, HMH)	18

The Individual Ready Reserve will continue to provide a pool of pre-trained individual manpower capable of rapid assimilation into the Active Force to meet our wartime requirements. Information on the composition and strength of the IRR will be addressed later.

FORCE STRUCTURE

The Marine Corps Reserve structure has developed as a Division, Wing, and FSSG (DWT Division-Wing-Team) like the Active forces. The DWT is capable of providing trained units to the Active Force to increase war fighting capability and provide sustainability if mobilization is directed or the Presidential Call Up is executed. Similarity of Reserve and Active Force structure greatly enhances and streamlines the process of integrating Reserve component units with the active Force upon mobilization. Combat readiness is enhanced and training costs are minimized by retaining similarity of structure.

To improve readiness, we continue to emphasize quality of manpower in the 4th DWT. All nonprior service accessions are recruited for a specific military occupational specialty. Recruiting efforts for prior service Marines are designed to match military skills and experience to specific unit billet requirements or these Marines are required to retrain for specific military occupational specialties.

[2] Percentages determined by counting primary authorized aircraft (data as of January 30, 1989).

Retention of our Marine reservists improved considerably during Fiscal Year 1988. The turnover rate fell from 30 percent in Fiscal Year 1987 to 27 percent in Fiscal Year 1988. This improvement is attributed to increased command attention, quality leadership and meaningful productive training.

The Fiscal Year 1988 approved end strength was 43,556, an increase of 1303 over Fiscal Year 1987. The Fiscal Year 1989 plan is straight-lined from Fiscal Year 1988 with a goal of 43,600. The Fiscal Year 1990 manpower plan calls for a modest increase of 400, consisting primarily of Full-Time Support personnel to augment Marine Battle Skills Training and for structure growth in the 4th Marine Aircraft Wing to support our Total Force warfighting initiatives.

GROUND STRUCTURE

Structural changes to support the warfighting initiatives include:

- Augmenting 16 active duty infantry battalions with a rifle company.
- Adding scout infantry to the LAV BN
- Adding three General Support artillery battalions and two General Support artillery batteries.
- Augmenting the two active duty tank battalions with two tank companies.
- Transferring from the active structure to the Reserve component three Bulk Fuel Companies, and three (each) Bridge, Longshoreman, Bakery, Ration, Salvage, and Grave Registration platoons.

The Bulk Fuel Cos and Bridge Platoons will be in a drilling status and the remaining units will be activated only when operational requirements demand.

AVIATION STRUCTURE

The 4th Marine Aircraft Wing is an integral part of the Marine Corps warfighting and Total Force initiatives. The 4th Marine Aircraft Wing will:

- Add six LAAD (Light Anti-Aircraft Defense) platoons armed with Stinger missiles.
- Absorb one LAAM battery armed with Hawk missiles.
- Upgrade its fleet of aging airframes.

The current plan calls for replacing the AH-1J with the AH-1W and the F-4 with the F/A-18. The replacement schedule commences in Fiscal Year 1989 and extends to the out years.

FULL-TIME SUPPORT

Approximately 5,000 officers and enlisted personnel from the Active Marine Corps, 340 civil service personnel, and 1945 reservists serving on active duty in the Full-Time Support Program support the Marine Corps Reserve. Since the Marine Corps does not use the Military Technician Program, and Active component end strength is a finite number, the Marine Corps Reserve could not meet present and future demands without the Full-Time Support Program.

Active component personnel provide current operational expertise, while reservists provide a more complete understanding of Reserve programs and issues confronting drilling reservists. Full-Time Support personnel (termed Active Guard/Reserve in other services), contribute substantially in policy development, administration, and execution of the Reserve component of the Total Force programs. Duties are performed primarily in the areas of administration, recruiting, training, and logistical/technical support. Most personnel are assigned to 4th Marine Division and 4th Marine Aircraft Wing units. A limited number of personnel provide management support at the Marine Corps Reserve Support Center (MCRSC) in Kansas City and various Reserve Support Units (RSU's) of major Marine Corps bases throughout the country. This deliberate mix of personnel ensures the Marine Corps Reserve's mobilization capabilities are maintained in the highest state of readiness.

Our Fiscal Year 1988 Full-Time Support end strength was on target with a final count of 1945. There is no growth in our Fiscal Year 1989 approved strength. In Fiscal Year 1990 we have requested a modest increase of 356 to build to an end strength to 2,301. This growth is essential to support Total Force war fighting initiatives. The additional personnel will be assigned to billets supporting Marine Combat Training initiatives and structure modifications in the 4th Marine Aircraft Wing.

INDIVIDUAL MOBILIZATION AUGMENTEES

A percentage of drilling reservists, called Individual Mobilization Augmentees (IMAs) train side-by-side with their active counterparts on staffs within the supporting establishment. Training in the same work environment as is anticipated for wartime, the duties performed ensure the Reservists smooth transition and increased productivity on mobilization. These assignments permit them to participate in peacetime staffing evaluations and to broaden their experience.

The utilization of these IMAs has proven effective-demonstrated during the Grenada operations and hostile action in Beirut, key headquarters staff sections were manned by IMAs. Also, during major JCS/NATO mobilization exercises, bases, stations and major headquarters activate operational control groups manned by IMAs. A significant portion of the IMA program is devoted to the Marine Corps Mobilization program, providing the network of mobilization stations located throughout the country. These sites are critical to the process of rapidly assimilating members of the IRR and retirees into the wartime structure during mobilization.

INDIVIDUAL READY RESERVE

The strength of the Individual Ready Reserve at the end of Fiscal Year 1988 was 42,389. The inception of the 8-year military service obligation will cause the Individual Ready Reserve population to grow to 54,000 by Fiscal Year 1990 and exceed 80,000 by Fiscal Year 1992.

In Fiscal Year 1988 we continued the mandatory Individual Ready Reserve recall, screening 83% of the eligible population. Among the benefits realized from the exercise were the identification of Ready Reservists whose address of record was incorrect, and to a limited extent, those requiring refresher training. The recall process led to the review and revision of our mobilization procedures which will pay dividends should mobilization ever be ordered.

MODERNIZATION

Modern combat equipment is essential to readiness. Our acquisition profiles will continue to provide for concurrent fielding of equipment to the Total Force. This single acquisition concept determines total requirements for the entire U.S. Marine Corps. Our future modernization efforts will focus on equipment and facilities.

EQUIPMENT

Commonality of equipment permits the interoperability of the Total Force from a training and maintenance perspective. To this end, horizontal fielding has always been considered paramount to enhance our partnership. Equipment procured by the National Guard and Reserve funding posture of recent years and delivered:

- Light Armored Vehicle (LAV)
- Squad Level Radio (AN/PRC-68A)
- Manpacked Satellite Communication Terminal (AN/PSC-3)
- Digital Communications Terminal (AN/PSC-2)
- Various test and calibration equipment
- MK19 40mm Machine Gun
- Improved Direct Air Support Center (IDASC)
- Lightweight Decontamination Unit.
- LAV-25 Gunnery Training Systems
- Short-Term Anti-Jam (STAJ) Compatible High Frequency Radios

The delivery of new equipment to the Reserve units creates the demand for training simulators to minimize training costs. These devices improve individual and crew proficiency, and provide cost-effective training during monthly drill periods.

We can look forward to receiving the following trainers and simulators in the near future:

- Stinger Trainers
- Motor Transport Maintenance and Operator Trainers

- Radar Equipment Maintenance and Operator Trainers

This year through your efforts we are planning to procure the following equipment:

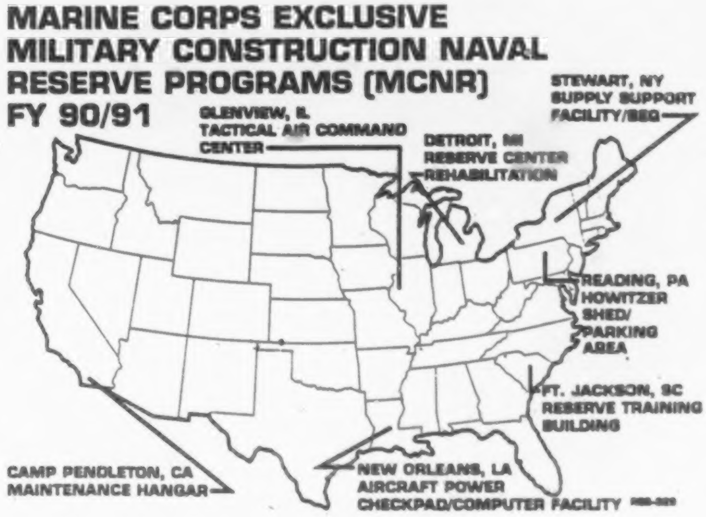
SPECIAL CONGRESSIONAL FUNDING

ITEM	COST(M)	QTY
Lightweight Decon	.740	50
Short Term Anti-Jam Compatible	2.064	299
AN/TPS-32 Solid State Driver	.520	2
Digital Communications Terminal	2.394	171
Marine Corps Tank Full-Crew Simulation Trainer (MCTFIST)	1.5	6
Tractors	2.4	29
MCTFIST Video Tropical/Cold Weather scenario	.369	2
(Cost Overhead Factor)	.013	
	10.00 M	

FACILITIES

Marine Corps Reserve facilities are located at 193 sites throughout the United States and in Puerto Rico. These sites provide the training centers, equipment storage, and administrative support. We currently have 167 ground and 26 aviation sites. The Marine Corps owns facilities at 23 of these sites, manages 31, and has tenant units aboard four Marine Corps Air Stations. One training center is collocated with the 1st Marine Corps District in New York and the remaining 139 sites are occupied jointly with the Navy, Army National Guard, and/or Air Guard.

Beginning with the Fiscal Year 1990/1991 budget request, the Marine Corps will contribute a portion of the Total Obligation Authority to Military Construction Naval Reserve (MCNR) program for the construction of Marine Corps exclusive-use projects. In Fiscal Year 1990, the Marine Corps will fund seven projects totaling $9 million (19 percent of the major construction portion of the MCNR program). These projects support both the new and existing missions and are depicted on the map.


MARINE CORPS EXCLUSIVE
MILITARY CONSTRUCTION NAVAL
RESERVE PROGRAMS (MCNR)
FY 90/91
GLENVIEW, IL
TACTICAL AIR COMMAND
CENTER
DETROIT, MI
RESERVE CENTER
REHABILITATION
STEWART, NY
SUPPLY SUPPORT
FACILITY/BEQ
READING, PA
HOWITZER
SHED/
PARKING
AREA
FT. JACKSON, SC
RESERVE TRAINING
BUILDING
NEW ORLEANS, LA
AIRCRAFT POWER
CHECKPAD/COMPUTER FACILITY
CAMP PENDLETON, CA
MAINTENANCE HANGAR

TRAINING AND READINESS

Success on the modern battlefield requires the integration of manpower and equipment through an effective and imaginative training program. Special exercises and other training programs, emphasize Active/Reserve component integration and combat arms training. By providing a highly trained Reserve manpower resource from the Selected Marine Corps Reserve units or if necessary IMA Marines can augment/reinforce the Active force in the event of mobilization.

The recently established Marine Battle Skills Training program is designed to provide all Marines, regardless of military occupational specialty, with fundamental combat arms training. The program not only provides initial combat arms training but also, a method for maintaining combat skills once a Marine joins a unit. Programs aimed at professional development and military occupational specialty qualification are integral parts of the equation and imperative to successful warfighting.

While no service-wide defined measure of "true combat readiness" exists for Reserve units, the Status of Resources and Training System (SORTS) is an individual indicator of combat readiness monitored by higher commands and HQMC to achieve and maintain high resource levels. The SORTS measures readiness and assigns C-levels in four resource areas; personnel, training, equipment supply and equipment condition. An overall C-level is assigned to each reporting unit. The two most critical limiting factors on Reserve SORTS C-Levels are MOS mismatch (with regard to personnel readiness) and equipment supply.

The MOS mismatch contributes to lowered C-levels in the area of personnel. It reflects a personnel distributions problem inherent to the Reserve. Historically, prior service Marines returning to their home towns were allowed to join local Reserve units regardless of their MOS. Though their MOS helped fill overall Reserve needs, it often contributed to that particular unit's mismatch problem.

For the past year, prior-service recruiters have solicited individuals to fill specific Table of Organization line numbers. This targeted recruiting has begun to improve the MOS match of individual units. When mobilized any remaining mismatch will be corrected by lateral moves/retraining, redistribution of personnel at stations of initial assignment, and the activation of IRRs. These actions will help satisfy requirements of some hard to fill MOSs, particularly in Combat Service Support Units.

Equipment readiness is high, and those early deploying units have received priority in the distribution of both equipment training allowances and stores assets. Further, the prototype of the Reserve Unit Priority System (RUPS), a PC-based system currently being developed by OSD was used during the last half of Fiscal Year 1988. The use of the RUPS Equipment Module emphasized controlled care and distribution of equipment throughout the Reserve component. Its continued use and refinement will lead to more efficient distribution.

By giving visibility to methods of distribution and maintenance to readiness-reportable equipment, we are able to appropriately allocate funds to those assets most directly affecting warfighting capability. This system gives visibility not only to a unit's training allowance (which impacts on other readiness areas) but also to those assets held (or missing) in stores assets at our logistics bases, Albany and Barstow. Providing Tables of Equipment (T/E) to high-priority/spearhead units, ensures the optimum state of training/mobilization readiness.

UNIT TRAINING

Exercise participation affords reservists the same opportunities as active duty Marines to develop and maintain skills in command and control, fire support coordination, amphibious operations, and fire and maneuver. An active cycle of training is maintained including combined arms exercises, cold weather and mountain warfare training, and amphibious assaults. Unit participation in major exercises abroad, and within the continental United States provided training to approximately 23,000 reservists during Fiscal Year 1988. Exercise Teamwork 88 was a highlight for Selected Marine Corps Reserve training. Conducted in Norway this exercise saw a Selected Marine Corps Reserve infantry battalion with attached Combat Service Support elements, participate in an amphibious assault with Active Marine

Corps forces to practice our Northern NATO contingency. Continued Combined Arms Exercises at the Marine Corps Air Ground Combat Center, Twentynine Palms, CA, will be enhanced by establishing force-on-force, free-play scenarios where units will learn to respond to rapidly changing combat situations. The Reserves' ability to fight with combined forces is enhanced through combined exercises and the Reserve foreign exchange programs. During the Royal Marine Reserve/USMCR exchange in 1988, ten U.S. Marines participated in Exercise Cockburns Reserve in Holland and six Royal Marine Reserves participated in Exercise Kernel Blitz-88 off the coast of California. The most significant exercises planned for Fiscal Year 1989 are depicted on the following chart.

PRINCIPAL FY 89 EXERCISES

EXERCISE	DATES	LOCATION	MAJOR UNIT	NUMBER PERSONNEL
Joint/Combined				
Balikitan-89	Classified	WestPac	3d CAG	5
Bright Star	Classified	Med	3d CAG	13
Dragon Hammer	Classified	Med	4th ANGLICO	17
Team Spirit	Classified	WestPac	3d ANGLICO	151
Valiant Blitz-89	Classified	WestPac	3d CAG	8
Joint				
Kernel Blitz	Classified	CA	4th ReconBn	31
Logex	890611-890623	VA	4th FSSG	100
Marine Corps/SMCR				
Alpine Warrior	890219-890305	WI	3/25	1,150
CAX 7-89	890617-890701	CA	2/24	2,300
CAX 8-89	890708-890722	CA	3/24	2,500
Cold Winter	Classified	OCONUS	1/24	645
FIREX	890708-890722	FL	5/14	970
1stMEB Deployment	890618-890702	HI	1/23	1,000

Civil Affairs Group (CAG)
Air Naval Gunfire Liaison Company (ANGLICO)
Reconnaissance Battalion (ReconBn)
Force Service Support Group (FSSG)

TRAINING AND INNOVATION

The Marine Corps Reserve continually seeks to apply emerging technologies in simulators and computer-aided instructional systems to improve our training and combat readiness. The demands placed on Reserve units to maintain military skills despite limited training time and lack of access to live-firing ranges, have led to the development and use of state-of-the-art devices and ranges.

The use of devices and simulators for reserve training falls into five general categories: marksmanship/gunnery, combat environment, command and control, maintenance training, and aviator training. The systems are used by individuals and units during drills or annual training duty.

Ranges and range devices under development and in use include the Multipurpose Range Complex, Small Arms Remote Targets, and Remote Engagement Target Systems. Marksmanship/gunnery devices and simulators include moving target simulators, the Precision Gunnery Training System, the light armored vehicle gunnery trainer, and a full-crew tank trainer for the M60A1 Main Battle Tank. The full-crew tank trainer will be fielded in FY 89. When the Reserve fields the M1A1 tank and funding becomes available, the M60A1 system can be upgraded to meet the new training requirement. The Marine Corps continues to exploit innovative training opportunities to provide quality training and skill qualification programs tailored to the Reserve's needs. We are pursuing portable systems and military occupational skill instructional vehicles to enhance on-site skill qualification training for reservists during weekend drills. Your continued support is necessary to make effective and timely use of evolving training technologies.

INDIVIDUAL TRAINING

Training in the Individual Ready Reserve (IRR) is accomplished through two programs. First, the Exercise Support Program provides individuals the opportunity to participate in major active component exercises under the cognizance of Fleet Marine Force commanders. For instance, during 1988, 125 individual reservists participated in Exercise Team Spirit by deploying to Korea as part of III Marine Expeditionary Force.

The second means of training the IRR is through the Reserve Counterpart Training Program, which is designed to provide Reserve Marines the opportunity to train with active duty counterparts. Technical skill enhancement and proficiency in occupational skills, external to an exercise support environment, are the benefits of this program. In Fiscal Year 1987, 944 participated compared to 1253 in Fiscal Year 1988. This program focuses on providing individual and group training with Active component combat arms units. Additionally, IRRs are taking advantage of formal Active component combat leadership schools.

Ensuring MOS proficiency presents a significant challenge when considering the anticipated growth of the IRR to 80,000 by the end of Fiscal Year 1992. The Reserve Counterpart Training Program is being used increasingly as a training vehicle to meet greater refresher training requirements.

Another facet in our training program for Reserve officers is attendance at professional schools. These schools are similar to those offered to the Active component, but tailored to the time available to reservists. Reserve courses are offered at the Marine Corps Amphibious Warfare School, Marine Corps Command and Staff College, Landing Force Training Commands (Atlantic and

Pacific), Naval War College, NATO Defense College, and the U.S. Army and Air Force War Colleges. Candidates from the grades of warrant officer to colonel are competitively selected to ensure the most qualified individuals attend. Eight hundred eighty-nine officers were selected in Fiscal Year 1988 and attended a formal school. Eight hundred fifty-one officers have been selected for Fiscal Year 1989.

BUDGET

The Fiscal Year 1990 Marine Corps Reserve budget request of 396.6 million will support enhancement initiatives discussed earlier and a Selected Marine Corps Reserve end strength of 44,000 (42,849 average strength). This funding represents 4.3 percent of the total Marine Corps budget. Listed below is a comparison of Fiscal Year 1988 actuals, Fiscal Year 1989 appropriated levels, and Fiscal Year 1990 requested amounts.

FUNDING COMPARISON - Fiscal Years 88/89/90

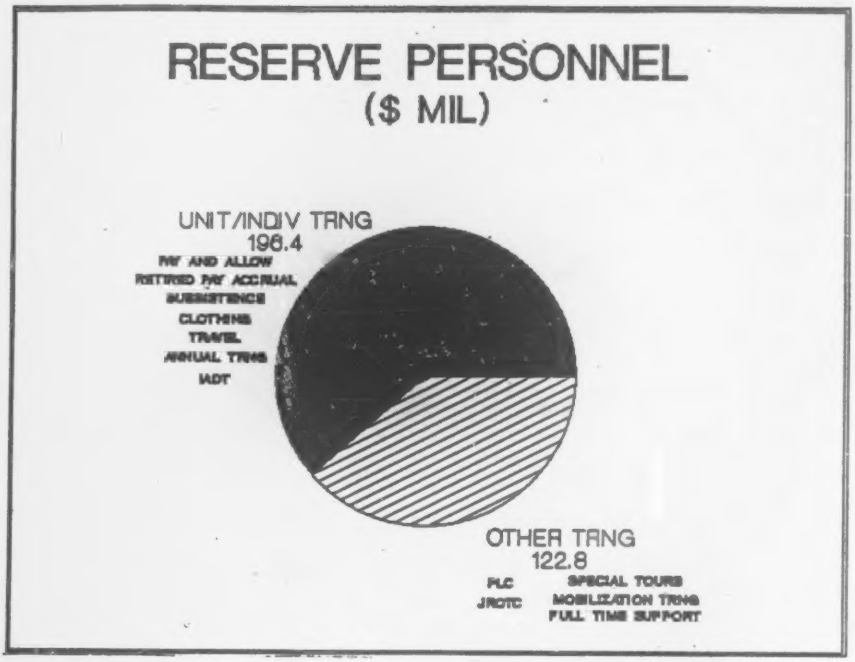
APPROPRIATION	FY88	FY89	FY90
Reserve Personnel Marine Corps	294.2M	315.1M	319.2M
Operation & Maintenance, Marine Corps Reserve	68.8M	77.6M	77.4M
TOTAL	363.0M	392.7M	396.6M

The Fiscal Year 1990 Marine Corps Reserve Personnel budget is depicted in chart #1, (Page 25). It provides $196.4 million for pay and allowances, retired pay accrual, subsistence, clothing, and operational travel for units and individuals during drills, annual training, and initial active duty for training. The other $122.8 million is for special tour requirements, mobilization training, the Full-Time Support program, incentives program, Platoon Leaders Course, and the Junior Reserve Officers Training Corps. The Reserve Personnel, Marine Corps increase of $4.1 million in Fiscal Year 1990 is necessitated primarily by a pay raise and an average strength increase of 443 in Selected Marine Corps Reserve and Full-Time Support programs after a reduction in retired pay accrual.

The Fiscal Year 1990 Marine Corps Reserve Operation and Maintenance request of 77.4 million provides funds for the day to day costs of supporting our units. Training of Selected Marine Corps Reserve units is directly supported by 36.8 million. Included are the cost of "expense items" of equipment, consumables, vehicle and airlift support, transportation of Marines and materiel. Unit maintenance of equipment is supported with 1.9 million. The Fiscal Year 1990 request also provides 38.7 million for the operation and maintenance of training facilities, and administrative support of individual reservists, recruiting activities, and headquarters support.

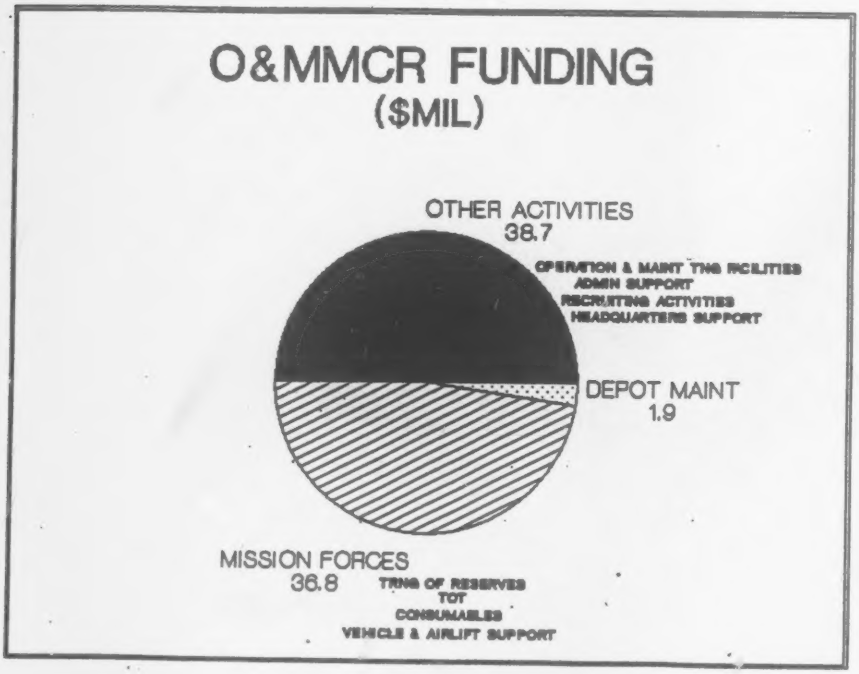
Funding levels described for Fiscal Year 1990 are essential to ensure our continued growth and increased capability to fully contribute to the Total Force. The modest increase in funds for manpower training, equipment, and facilities will maintain our war fighting capabilities and is considered cost-effective under our current fiscal constraints. The next few pages graphically illustrate the Marine Corps Reserve budget.

1



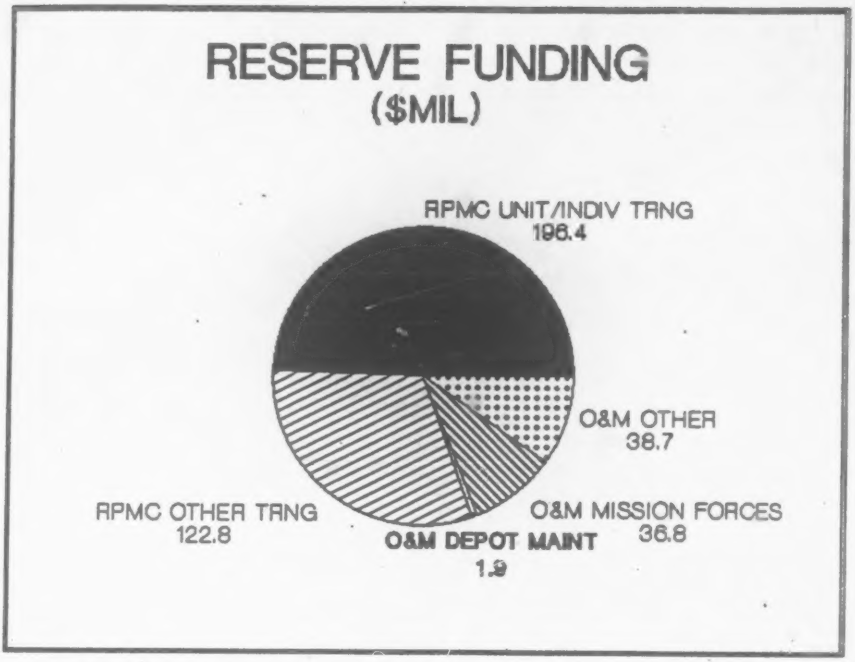
RESERVE PERSONNEL
($ MIL)

2



O&MMCR FUNDING
($MIL)

3



CONCLUSION

The Marine Corps Reserve has continued to improve its combat readiness. The training and quality of our personnel and equipment is at an all time high as a result of your support. It is anticipated that the role of the Reserve in our Total Force will expand over the next 10 years as Congress and the Department of Defense tackle the tough decisions associated with budgetary austerity and manpower losses. Modernization efforts, force structure changes, and modest manpower growth require continued support in the form of equipment, training, and facilities to upgrade our warfighting capability.

Mr. Chairman, I appreciate this opportunity to address your committee. The Congress has been quite supportive of our needs in the past, and we are thankful. The readiness of your Marine Corps Reserve will be further enhanced with your continued support.

Senator GLENN. Mr. Duncan, you indicated in a response to a question I raised in the subcommittee hearing in March of last year that you expected the final results to the sixth quadrennial review of military compensation to be submitted by late June 1988. Since the sixth QRMC dealt with the entire Reserve compensation envelope, we were expecting to get that much sooner. As it is, you have overshot your estimate by almost a year as of today.

What is the reason for the long delay? Why do not we have that report?

Mr. DUNCAN. Are you asking about a report now, as opposed to the recommendations of the administration of which programs to implement?

Senator GLENN. There was supposed to be both. It was the sixth QRMC, quadrennial review of military compensation; it was to be submitted by June 1988 and we do not have it yet.

Mr. DUNCAN. Well, if I understand the question, Senator, the report came out. I mean, the QRMC finished its work, made its recommendations. They were debated vigorously within the Department of Defense, and the services all made their recommendations.

Ultimately the Secretary of Defense made his recommendations to the President. And OMB got involved, and now there will be legislative proposals coming from the administration to the Congress, but it will not include 100 percent of the recommendations that were made by the QRMC since it has gone through the administration's budget review process and it has been looked at by the budget people.

Senator GLENN. Well, was that ever submitted to us, as far as you know? We have never seen it.

Mr. DUNCAN. No. It is out of the Department of Defense, but it is over at the White House. And I am not quite sure what the hang up is, but is hung up over there. We will find out.

Senator GLENN. Well, that is a pretty important item for the people involved on what their compensation is going to be. I would appreciate it if you would find out what the status of it is and when we are going to get it so we can take some action on it.

Mr. DUNCAN. Yes, sir.

Senator GLENN. We are a year late on it now.

Mr. DUNCAN. There were several recommended programs that did not relate to salary, but they all indirectly, if not directly, related to compensation. So we will find out.

Senator GLENN. I think we had much of the information out of that in draft form, but have there been major changes on it as far as you know?

Mr. DUNCAN. Well, I think there is going to be major changes, to the extent that not all of the recommendations made by the Commission are going to be forwarded by the administration to the Congress seeking legislative approval. There are going to be several changes, at least that is my understanding. Until it is reported out over there, I do not really know, but I anticipate that.

Senator GLENN. Well, it is going to be delayed long enough that it will be out of date pretty soon if we do not get it.

Mr. DUNCAN. Yes, sir. I will inquire.

Senator GLENN. We are a year late now. I believe the people met on that in late 1986 through all of 1987, and then it was supposed to be submitted a year ago. So the thing has been underway for about 3 years at least right now.

Mr. DUNCAN. This not by way of excuse, Senator, but with the new administration coming in, we have new people reassessing what other people perhaps had assessed prior to January 20, and right now the proposed legislation is being worked on.

Senator GLENN. Let me ask it a different way. Is it going to be worth anything when it gets to us at this late date?

Mr. DUNCAN. I think so. It remains to be seen which recommendations are finally approved, but people are working on the matter right now.

Senator GLENN. I would have thought there would not have been this kind of delay over there, since OMB participated in that group that worked on that.

Mr. DUNCAN. Senator, I do not personally know what has held it up.

Senator GLENN. Well, if you can find out what happened on that and get the word over to us as fast as possible, we would appreciate it.

Mr. DUNCAN. Yes, sir.

RESERVE OFFICER PERSONNEL MANAGEMENT ACT (ROPMA)

Senator GLENN. Last September I asked the CRS, the Congressional Research Service, to assist the subcommittee in its review of the Reserve Officer Personnel Management Act, ROPMA, legislation proposed by the Department of Defense. The CRS was to review the ROPMA proposal for technical sufficiency and policy consistency in the context of this total force manpower management.

CRS completed its review, and I want to compliment CRS for its thoroughness. Before the subcommittee holds hearings on the proposed ROPMA legislation, I would like the Department of Defense to very carefully review the CRS study and to address each of the policy issues raised in the study, point by point.

Mr. Duncan, can you give us an estimate of when we could expect to receive the results of that review; how long it will take?

Mr. DUNCAN. Excuse me just one moment, Senator.

[Pause.]

Frankly, we have already reviewed it, at least on the House side. We have already sent a response regarding technical changes over to Mrs. Byron's subcommittee on the House Armed Services Committee. So I think we can get our response to you very promptly. I mean, there were technical changes, but we have already gone through that exercise. So I think we can do that very quickly.

Senator GLENN. All right. You basically agreed with the CRS study then, did you give a point-by-point response to what they said to Mrs. Byron?

Mr. DUNCAN. These were very technical changes in nature; they were not policy changes as such. So, yes, we go along with the technical changes. There are no policy issues that are up in the air as I understand it.

So the technical changes have already proceeded, and we have reacted to those technical changes. If you are implying that there is some policy disagreement out there or policy questions to be debated; I am not aware that there are.

Senator GLENN. We want all the advice we can get on this, obviously, from any of you at the table, Mr. Duncan speaking for the DOD, and the rest of you, too. Because you are very much involved with it.

This proposed ROPMA legislation, if enacted, will constitute the first comprehensive revision of Reserve component officer management statute since the Reserve Officer Personnel Act of 1954.

Mr. DUNCAN. That is correct. Yes, sir.

Senator GLENN. It is going to be about 35 years since we made any changes in this. And we need to proceed critically in ensuring that the ROPMA legislation, eventually passed, will facilitate the effective and efficient management of Reserve component officers under the Total Force Policy.

That Total Force Policy has been in effect since 1973 and, of course, this predates that by quite a ways.

Obviously, the role of the Reserve Forces under this policy is substantially different than it was in 1954 when the legislation was passed. But it is long overdue that we do something in this area.

So, when could we expect to get your comments on that so we could move on it?

Mr. DUNCAN. I think promptly.

Senator GLENN. All right. Within a couple of weeks, or something like, a week or two?

Mr. DUNCAN. Sure. What I propose to do, Senator, is send you a copy of what we sent over to the House Armed Services Committee, which we can do immediately, if that is acceptable, with our reaction to the technical changes and so forth.

Senator GLENN. Okay. That would be fine.

Why was that not sent to us at the same time?

Mr. DUNCAN. I am advised that it may have been. We just do not know that it was not. But if it was not, I cannot explain why it was not. If it has not been, we will send it over very promptly.

Senator GLENN. Staff says they have not seen the comments yet, so get it over to us as soon as you can.

I think it has been a good session this morning. I believe if we share our views back and forth like this occasionally, maybe airing them in public as well as private is the way to do it here although is not all that pleasant for everybody, but it is the way we sometimes have to do things.

We have raised some serious questions about how well the Total Force Policy is working, about the effectiveness of the current Active and Reserve Force mix. I certainly think we need a lot more to be done in some of these areas, and I think you gentlemen agree.

Let me give a little history. The Total Force Policy, which I keep referring to, is a product going clear back to the Nixon administration. It was put into effect following the Vietnam war, and about the same time as conscription ended and the All-Volunteer Force began.

The objective of the Total Force Policy was to recognize the need for a smaller Active Force following the Vietnam war drawdown, and the need, at the same time, to maintain sufficient combat capability to surge for war.

Former Secretary of Defense, Mel Laird, explained the Total Force Policy in a memoranda to the secretaries of the military departments dated August 21, 1970—a long time ago—but I want to quote his memorandum to you anyway.

The title was "Subject Support for Guard and Reserve Forces." This is all a quote.

> The President has requested reduced expenditures during fiscal year '71 and extension of these economies into future budgets. Within the Department of Defense, these economies will require reductions in overall strengths and capabilities of the active forces, and increased reliance on the combat and combat support units of the guard and reserves.
>
> I am concerned with the readiness of guard and reserve units to respond to contingency requirements and with the lack of resources that have been made available to guard and reserve commanders to improve guard and reserve readiness.
>
> Public law 99-168, an outgrowth of similar congressional concern, places responsibility with the respective secretaries of the military departments for recruiting, organizing, equipping and training of guard and reserve forces.
>
> I desire that the secretaries of the military departments provide in the fiscal 1972 and future budgets the necessary resources to permit the appropriate balance in the development of active guard and reserve forces.
>
> Emphasis will be given to concurrent consideration of the total forces, active and reserve, to determine the most advantageous mix to support national strategy and meet the threat.
>
> A total force concept will be applied in all aspects of planning, programming, manning, equipping and employing guard and reserve forces. Application of the concept will be geared to recognition that in many instances, the lower peacetime sustaining costs of reserve force units, compared to similar active units, can result in a larger total force for a given budget, or the same size force for a lesser budget.
>
> In addition, attention will be given to the fact that guard and reserve forces can perform peacetime missions as a byproduct or adjunctive training with significant manpower and monetary savings.
>
> Guard and reserve units and individuals of the Selected Reserves will be prepared to be the initial and primary source for augmentation of the active forces in any future emergency requiring a rapid and substantial expansion of the active forces.
>
> Toward this end, the Assistant Secretary of Defense, Manpower and Reserve Affairs, is responsible for coordinating and monitoring actions to achieve the following objectives:
>
> Increase the readiness, reliability and timely responsiveness of the combat and combat support units of the guard and reserve and individuals of the reserve.
>
> Support and maintain minimum average trained strengths of the Selected Reserve as mandated by Congress.
>
> Provide and maintain combat-standard equipment for guard and reserve units in the necessary quantities, and provide the necessary controls to identify resources committed for guard and reserve logistic support through the planning, programming, budgeting, procurement and distribution cycle.
>
> Implement the approved 10-year construction programs for the guard and reserves, subject to accommodation within the currently approved TOA, with priority to facilities that will provide the greatest improvement in readiness levels.
>
> Provide adequate support of individual and unit reserve training programs.
>
> Provide manning levels for technicians and training and administration reserve support personnel, TARS, equal to full authorization level.
>
> Program adequate resources and establish necessary priorities to achieve readiness levels required by appropriate guidance documents as rapidly as possible.

That is the end of the quote.

As I have pointed out, substantial missions have been transferred, pursuant to that, to the Guard and Reserves, since the inception of the Total Force Policy. However, as I have also indicated, the effectiveness of the current mix is questionable, especially in the Army Reserve, as we have pointed out.

And I believe it was in all of the documents surrounding this establishment of the Total Force Policy at that time, that there would be, an ongoing reassessment. And I think a careful assessment of the Total Force mix is overdue.

I plan to include language in the subcommittee's mark-up of the Defense Authorization request for fiscal years 1990–1991 that will require the Secretary of Defense to evaluate on a comprehensive basis the appropriateness of the Active-Reserve Force mixes in each of the military services, and to make recommendations, and this will be the first since 1973, for making the Total Force Policy more viable.

And I say this knowing that this is not going to be a simple task. And I just want to put it out now so that you can start thinking about it and working on it now.

I think we must have a clear definition of the Active-Reserve mix problem, and a roadmap that outlines priorities milestones and related resources—and that has come up repeatedly this morning—the resources required to let you people carry out the work you are doing.

I support that absolutely, 100 percent, and fully.

I have no objection whatsoever to transferring more of the functions to the Guard and Reserve, where that can be done and done properly, and where we will still retain our full combat capability.

The bottom line of this whole thing is combat capability. And that has been our push ever since I came on the committee.

We have focused on problem areas in this hearing, and that is what we do at these budget review hearings. I want to note that there are many bright spots as well. I pointed out some of those earlier. For example, the quality of personnel in our Guard and Reserves has improved substantially.

I am very pleased to note that in 1988, 92 percent of enlisted National Guard and Reserve personnel were high school graduates. That is a real move uphill for you people. You deserve a lot of credit. You had to set up some programs, you were picky about the people, you pushed for it, and you got them. You set out programs to get them and attracted qualified people.

Ninety-five percent had scored average or above in their enlistment test. You did not have to lower the scores to get the people in that you needed, the acceptable scores; they hit it. So that is to your everlasting credit.

And these quality improvements represent a 20-percent increase since 1980. And that is very commendable.

Also, as Mr. Duncan noted in his written statement, National Guard and Reserve personnel continue to provide support to the Active Force in fulfilling operational missions. The Air National Guard and the Air Force Reserve provided support in the recent airlift of troops to Panama. Naval reservists have assumed certain shipping control responsibility. Army reservists are providing significant maintenance support in Europe. Marine Corps Reserve inflight refueling aircraft regularly support Active-component tactical aircraft missions.

All these support areas are very commendable.

So I believe we can be justly proud of our National Guard and Reserve Forces. They are undoubtedly the best in the world. And you are to be congratulated for that.

I think it is also clear, as Mr. Duncan pointed out in his written statement, there are some tough challenges that remain. And we need to address these challenges with candor and vigor. And I trust that you will join me in that commitment.

My questions, sometimes, and my interest in these areas get very pointed, as you gentlemen are aware. But we are trying to get to the same end, and that is a better combat capability in case, God forbid, that we ever have to use it again.

Most of you have been in combat. You know it is not very pleasant. We hope it never happens again, but if it does, we want to be ready. And the best way to make sure that we never have to use it again is to be ready, and let the other side know that we are ready. So it is the best deterrent we have.

I have a statement here for the record. The Reserve Officers' Association and the National Guard Association have provided statements for inclusion in the record, which we will include.

If there are other associations, I might add, who wish to include statements in the record, we will hold the record open until the close of business on Wednesday, June 14, next Wednesday, for that purpose.

[The statement referred to follows:]

Statement of

Major General Evan L. Hultman, AUS (Ret.)

Executive Director

Reserve Officers Association of the United States

Mr. Chairman and Members of the Committee:

On behalf of the many men and women from all of the uniformed services who are members of the Reserve Officers Association (ROA), I appreciate having this opportunity to address the FY90 Department of Defense authorization pertaining to Reserve forces personnel.

Reserve forces generally are more cost-effective than active forces when the Reserve forces are properly managed, equipped and trained. Reservists have repeatedly demonstrated that they can do the job. In the past years, the Reserve Officers Association has encouraged the Congress to satisfy the personnel needs and to provide better and more modern equipment to the Reserve Components as an economical way to maintain the readiness of the armed forces in an uncertain world.

The initiatives by Soviet President Mikhail Gorbachev to reduce conventional forces in Europe and the appearances of change within the Eastern Block countries have given rise to the perception that we live in a safer world. The perceived diminished threat reinforces the call to reduce the U.S. military presence and commitments in Europe and elsewhere. The perceptions and pressure to draw down forces provide fuel and rationale for large cuts in defense spending to lower the budget deficit. The shifting of missions from the active to the Reserve Components is being touted as the way to reduce defense spending.

A greater reliance on the Reserve Components has merit. In a bipartisan report for the America Agenda project of former Presidents Carter and Ford, the National Security Adviser, Lieutenant General Brent Scowcroft and former Undersecretary of the Navy, James Woolsey, advocate a greater role for the Guard and Reserve. More recently the former Secretary of Navy John Lehman makes a case for shifting significant force structure to the Reserve, and the idea is being advanced by others--in the Congress, the press and elsewhere. The Reserve Officers Association supports a greater reliance on the Reserve but warns that the Department of Defense cannot proceed without clear purpose and direction.

The budgetary and political climate demands that the Department of Defense carefully consider the active and Reserve force mix and develop contingency plans for the phased transfer of missions and structure from the active to the Reserve Components. If budget and political pressures are allowed to drive force and mission changes without careful analysis and planning, readiness will unnecessarily be degraded and resources will be wasted.

ROA urges this committee to direct DoD to undertake a force mix study and develop total force plans to meet our defense needs in the 1990s. "Smart" mission transfers should be made, but they will require an analytical, forward look.

Whether driven by the budget, world perceptions or analytical studies, it seems inevitable that there will be a continued mission/structure shift from the active to the Reserve forces.

Traditionally, force structure is transferred to the less expensive Reserve Components to preserve it for future contingencies. The saving is made by placing it in the Reserve. However, mission transfers are not always accompanied by essential manpower required to effectively manage force growth, the equipment necessary to assume maintenance of combat capability, nor the funding needed to train the force to required readiness levels. If, having served as the vehicle for attaining a cheaper force structure, subsequent budget and manpower cuts are applied equally to the Reserve and the active forces, combat capability and readiness must suffer.

The Congressional-Administration budget agreement announced 14 April reduced to $295.6 billion spending for the Department of Defense. The budget request unveiled by Secretary of Defense Dick Cheney 25 April would see real purchasing power decline for the fifth consecutive year. Most of the cuts came from the active force but the budget knife does not spare the Reserve forces. Reserve Components reductions are difficult to justify at a time when the Congress and the administration are searching for ways to make savings.

ROA wishes to thank the Congress for personnel programs improvements and for the significant gains made in modernizing the equipment of the Reserve forces during recent years. To a great extent, this has been initiated by Congress, not Pentagon budget requests.

Before addressing the needs of the respective services, I would emphasize, in these days of shrinking budgets, the importance of keeping our "powder dry". ROA recognizes that the world is not static and welcomes some apparent changes in the Soviet Union and East Bloc countries and the lessening of tensions. However, ROA reminds the Congress that we have yet to see the fruits of Mr. Gorbachev's initiatives. ROA encourages the Congress to pursue peace through strength until we can determine whether that which is perceived is strategic change, rather than tactical retreat.

ARMY RESERVE

The United States Army Reserve (USAR) needs this committees' help in several areas if it is to continue to improve its go-to-war capability/readiness as an essential element of the Total Army. The USAR has, with your assistance, become the best Army Reserve this nation has ever had. As you well know, today's USAR with increased missions and heightened mobilization readiness employs and deploys in many cases prior to units of the active component. It appears, however, that an ironic turn of events has been born out of its success. The original and continuing fact is that the Reserve Components are inherently less expensive to operate than their counterparts on active duty. Studies of cost savings range from up to 47 percent down to 25 percent. Yet the Army Reserve has taken inappropriate cuts in the President's budget when compared to the rest of the Army. In the past, Congress, in its wisdom, has countered the budget presentations with vital programs such as Dedicated Procurement for Army Reserve equipment, Operation and Maintenance Army Reserve (OMAR), Reserve Component Automation System (RCAS) and Military Construction Army Reserve (MCAR) add ons. We know that this committee understands the exceptional value of the Army Reserve and will continue to provide the kinds of appropriation support required to allow the USAR to maximize its cost effectiveness while continuing to improve its readiness.

We strongly recommend that this committee support a vital change needed in the present expensive, dysfunctional command and control structure of the Army Reserve--a change that will greatly reduce administrative overhead, remove bureaucratic layering and ensure that every appropriated dollar possible reaches the soldiers who require it for training and equipment. Since the passage of PL 90-168, Congress has continually questioned the Army on why the Chief Army Reserve is not dual hatted as is the commander of his component in the Air Force and Navy. The Army must make this change happen. As the executive director of a joint service organization, I constantly observe all the services and their Reserve Components, and I must state for the record that the Army is the most cumbersome. The time is right to bring all of our Reserve Components into peacetime alignment and into compliance with the intent of PL 90-168--we can no longer afford not to.

The Army Reserve's request for a modest growth in full-time support, both AGR and Army Reserve technicians, is an important readiness enhancement that the committee should approve. These individuals are desperately needed in order to field new Army Reserve aviation and combat service support unit activations as well as to staff critical doctor and nurse recruiter positions. It has been the presence of full-time support personnel and, in particular, the AGR that has brought the Army Reserve to a state of readiness that enables it to take on missions along side the active component in support of ground force contingency plans.

We believe that the Chief Army Reserve's budget request accurately reflects what the Army and DOD want to present to Congress. We do not believe, however, that it reflects the totality of the minimum essential resources that the USAR needs to properly accomplish its mission. The appropriation that most glaringly illustrates this point is Operations and Maintenance, Army Reserve (OMAR). Critical items that are now "unfunded" include:

* $30.5M	To reduce the $2.3B backlog of maintenance and repair (BMAR)
* $10.0M	To reduce the Organizational Clothing and Equipment (OCE) backlog by 10 percent.

* $10.0M	To replace funding diverted from the Supplies and Equipment account to pay for additional 397 Military Technicians being hired in FY89.
* $ 6.0M	To fund the Scholarship Training for Army Reserve (STAR) medical training program utilizing civilian schools near soldiers' homes rather than military schools (Funds 1000 students).
* $ 5.6M	To fund leasing of space for Army Reserve Centers to accommodate unit activation and/or unit relocations.

Mr. Chairman, there is another issue that needs the support of this committee to give the Army Reserve capability to properly provide general officer leadership to a structure that has greatly expanded over the last 35 years. Legislative changes to update Title 10 U.S. Code should include three areas:

* An appropriate increase in the authorized number of Reserve Component general officers (Section 3218, USC 10) to a level commensurate with the expanded RC mission of 1990 and beyond.

* Relief of the requirement for a Reserve Component general officer candidate to be assigned to a Reserve Component general officer position prior to being nominated for promotion.

* Removal of all Reserve Component general officers temporarily on active status working directly with their component from the active component authorized general officer strength.

The US Army Reserve is a dynamic, integral and essential part of today's Total Army. These citizen soldiers--who are our sons and daughters, relatives, neighbors and friends--deserve their nation's support. A healthy Army Reserve pays enormous benefits to our great country; benefits that yield a tremendous amount of deterrence for a most reasonable cost.

AIR FORCE RESERVE

We are proud that the Air Force Reserve is combat ready and supplied with modern equipment and well-trained, motivated personnel. This past year, the AFR has once again demonstrated its readiness and the excellence of its personnel.

In the highly competitive SAC Bombing and Navigation Competition, a Reserve crew was selected as the "Best KC-10 Crew". This 452nd Air Refueling Wing crew from March AFB, California, amassed a score of 98.55, out of a possible 100 points.

An example of the capability of Reservists to respond rapidly to real world contingencies is the AFR's C-141 Unit at Andrews AFB, Maryland. Last March, a Reserve crew from the 459th Military Airlift Wing responded to an urgent request to support the deployment of the 82nd Airborne Division into Honduras. They flew the first aircraft into Palmerola Air Base, Honduras in support of the no-notice JCS Exercise "GOLDEN PHEASANT".

Despite the demonstrated combat capability and readiness of the AFR, the Air Force continues to "double-dip" the AFR in response to severe pressure to reduce the Air Force budget. Notwithstanding the significant savings made when force structure is transferred to the Reserve Components, the Air Force continues to propose additional so-called "fair share" across-the-board cuts to AFR and active force structures and appropriations.

Once again, the Air Force proposes to reduce aircraft and aircrew positions in the Air Reserve forces. As we pointed out last year, the proposed savings will not begin to equal the loss of investment in six million dollar pilots who will be lost to the total force. In view of the continued hemorrhage of pilots from active duty, the argument that there should be more pilot slots in the Air Reserve Forces, not less, is compelling. We propose that the Air Force "robust" existing units with more aircraft rather than less. This option increases Reserve pilot positions, unit combat capability, and cost-effectiveness without any increase in overhead.

The following table summarizes the proposed cuts in Air Force Reserve structure and the cost of restoring them in the FY90 budget. ROA urges the committee to once again make this adjustment as it did in the FY89 appropriations:

Air Force Reserve

FY 1990 Force Structure Restoration

				($ K)		
Aircraft	Location	Drill Strength	Civilian Strength	O&M, USAFR (3740)	RP,AF (3700)	AP,AF (3010)
4 C-130B	Peterson AFB, CO	119	32	2,979	936	1,187
1 AC-130A	Duke Field, FL	70	17	1,557	629	411
1 HH-3E	Homestead AFB, FL	14	5	457	145	98
6 F-16A/B	Tinker AFB, OK	159	22	2,297	935	3,073
1 HC-130H	Portland IAP,OR	37	10	894	315	323
Total		399	86	$8,184	$2,960	$5,072

In addition to maintaining the existing force structure, modernization of equipment is still a high priority for the AFR. The procurement of MH-60G helicopters for the AFR, began by the Congress last year, remains as the number one equipment requirement. Sixteen MH-60G aircraft are needed to replace the remaining aged H-3 helicopters in the AFR. We recommend that the Committee add the necessary funds to procure these sixteen aircraft in FY90.

Another initiative addressed by the Congress in previous years is the critical need for defensive systems to protect the AFR's tactical fighters and airlift aircraft. Without these systems, tactical aircraft cannot survive in the high-threat environments in which they will have to operate. Despite the add-on funds for miscellaneous equipment previously provided by the Congress, many requirements are still unmet. ROA recommends that $35 million be added to the FY90 budget for defensive systems for AFR tactical aircraft.

The modernization of the C-130 fleet in the AFR, initiated by the Congress, has been an outstanding success. Because the 757th Tactical Airlift Squadron at Youngstown, Ohio, received only six C-130H aircraft in last year's procurement, two more are needed this year to complete the replacement of old C-130's in that unit. We recommend that the Committee continue to support the C-130 modernization program.

Combat capability depends as much upon Reserve personnel, full-time support personnel, and Operations and Maintenance (O & M) accounts as upon modern equipment. AFR O & M accounts show significant reductions in the FY90 budget request, the only Air Force component to do so. We urge the Committee to address the shortfall and to favorably consider the need for an additional 188 Air Reserve Technicians to improve medical and combat support unit readiness at a cost of only $5.7 million.

In summary, with your continued understanding and support, the Air Force Reserve will continue to provide a superb, cost-effective, combat ready fighting force. Exercises and real world contingencies have proved that all AFR units can mobilize in 24 hours and deploy within 72 hours. The AFR is ready, better and stronger than ever before; we ask that you provide the resources to keep it that way.

NAVY & MARINE CORPS RESERVE

ROA supports fully the position of the Chief of Naval Operations that a Navy of at least 15 deployable Carrier Battle Groups, four Battleship Battle groups, 100 Attack Submarines, Amphibious Lift for a Marine Expeditionary Force and a Marine Expeditionary Brigade, plus sufficient Strategic Submarines, Support Ships, and Strategic Sealift is required to meet effectively today's worldwide commitments and wartime scenarios.

If it is determined we can not afford, in a fiscal sense, a Navy of the size outlined by Admiral Trost, then we must also acknowledge that a smaller force mandates that the Navy and Marine Corps team have a smaller operational commitment. The prospect of a "come-as-you-are" war or short fused contingency operation mandates that the forces available be fully ready.

A smaller force stretched to meet the deployment schedule associated with the Navy's global responsibilities of today will lead to a return of the sharp degradation of readiness that was the hallmark of the seventies. Our nation can not afford to again experience that bitter lesson.

FORCE MIX

Last year, planners within the Pentagon were considering seriously the imminent transfer of 16 Brooke and Garcia class frigates from the active force to the Naval Reserve as an alternative to the planned decommissioning of these ships to meet fiscal and manpower ceilings. ROA testified in opposition to this action on the basis that such a transfer would be grossly impractical. Fortunately, wiser heads prevailed and the ships were decommissioned.

Such a flurry of planning activity must not be the way issues of force size and force mix are resolved. ROA has strongly recommended that the force size/force mix issue be addressed fully and promptly.

ROA assumes that reductions in the active force structure are a "given." The questions associated with this premise which must be answered include:

Which peacetime commitments or mission capabilities will we reduce and to what degree?

How will these changes be phased over time?

How much of these mission capabilities can we prudently plan to do without?

What new or expanded mission capabilities will be transferred to the Reserve forces?

ROA is concerned that some will see the transfer of forces or mission responsibility to the Reserve components as the easy and universal panacea.

Nothing could be further from the truth.

There are limitations on the number of Reserve personnel available to man new or expanded mission areas and limitations on the availability of Reservists to perform required additional training or to meet operational requirements of their parent services short of war or national emergency.

It is interesting to note that the Navy, in its most recent report to the Congress on its Total Force, expresses a belief that existing Presidential authority to call Selected Reservists, when required for non-mobilization contingencies, should be used to meet operational requirements. The Navy has also called for planners to "consider the level of risk inherent in force mix decisions resulting in all, or nearly all, of a specific Navy capability being assigned to the Naval Reserve."

The Navy has taken its own caution to heart. The new construction Avenger class Mine Countermeasures ship mix will now be five active force, nine Naval Reserve instead of the original plan to place all 14 ships in the Naval Reserve.

FY90 BUDGET REVISIONS

Unfortunately, the office of the Secretary of Defense has not used ROA's logic consistently when developing the package of changes to the Reagan budget submission needed to meet revised fiscal targets. The revised budget would make Navy force level reductions in several areas, including a loss of the 15th Carrier Battle Group, early decommissioning of several destroyers, deletion of several ships from the procurement plan, deletion or slowdown of several aircraft procurement programs and two structure changes with significant impact on the Naval Reserve. Those structure changes are the transfer of an additional four FF-1052 frigates from the active force to the Naval Reserve in FY90 and six more in FY91 with the transfer of another seven in both FY92 and FY93 planned. The revised budget also proposes that Navy Selected Reserve strength be increased by an additional 1200 by the end of FY91 to accommodate crews needed for the ten more frigates. This expanded role for the Naval Reserve appears feasable, but ROA is concerned that adequate funds may not be provided to maintain these ships properly or to provide necessary shore based support facilities.

Secretary Cheney has also proposed that the Navy "deactivate 73 older P-3A/B aircraft." This decision, if allowed to stand, will translate into a significant loss of Anti-Submarine Warfare (ASW) capability, particularly from the Naval Reserve. The plan is understood to include the loss of one aircraft from each of 24 active force squadrons (each squadron would go from 9 to 8 aircraft) and result in an all P-3C active force while leaving the Naval Reserve only 60 P-3B's, plus the P-3Cs previously provided directly by Congress.

ROA views this proposal as fatally flawed. First, the Soviet submarine threat is not diminishing -- it is increasing. Second, the proposal would reduce Naval Reserve squadrons to only six aircraft each (a 33% reduction in aircraft and crews) while decreasing active force squadrons by only one aircraft each without affecting the number of aircrews. Third, the resulting force mix would be an all P-3C active force with most Naval Reserve squadrons flying P-3B aircraft -- a reversal of the Navy's much applauded horizontal integration policy. It is understood that the budget savings for this substantive decrease in ASW capability is a relatively modest $38M in FY90.

ROA recommends that this proposal either be reversed or be modified to retain the current aircraft and crew structure in the Naval Reserve. In either case, the Naval Reserve aircraft should be modernized to improve their capability to locate and track Soviet submarines as Soviet technology permits them to operate more quietly.

The high level of professional competence and relatively low cost to retain this expertise in the Naval Reserve make the Naval Reserve P-3 squadrons an outstanding example of the type of military capability that should be in our Reserve Forces in an increasing rather than a decreasing percent of the total force.

FORCE MODERNIZATION

Today's Guard and Reserve is much more capable and more ready than at the beginning of this decade. However, more needs to be done to equip, modernize and train the existing Reserve force. Additional, not less, funding is required for the Reserve Forces.

For example, Naval Reserve frigates are at a high state of readiness, but their capability to accomplish their Anti-Submarine Warfare mission is becoming less as Soviet submarines become quieter and more difficult to locate.

In recognition of this situation, ROA adopted a resolution at our recent Mid-Winter Conference which urges Congress to authorize and fund the upgrade of all FFG-7 and FF-1052 ships with AN/SQQ 89 ASW Combat Systems and SQR 18A towed arrays, as required, and to authorize and fund the ongoing block upgrade program for the LAMPS MKI helicopters.

Although modernization of these ships and helicopters will provide a significant ASW capability improvement at a relatively modest cost, the helicopter upgrade program is not funded in the President's budget and the ship modernization program shows signs of slipping in the out years.

The block upgrade program to enhance Naval Reserve SH-2F helicopters to a "G" configuration requires the addition of $45 million a year over the budget request to sustain this highly cost effective program initiated by Congress in 1987. $45 million will fund conversion of six aircraft per year with the new T 700 engine, which permits a significant increase in range and on-station time, plus an avionics package, nearly identical to the SH-60F and an on-board acoustic processor and data link.

This configuration is the result of a Navy study, mandated by Congress, to find the best ASW solution for the ships, such as the Naval Reserve frigates, that would not accommodate LAMPS MK3 SH-60 helicopters.

The Navy has a critical shortfall in organic inter theatre airlift capability. The Center for Naval Analysis (CNA) Navy Organic Airlift Study documented a requirement for additional logistic aircraft to support wartime fleet operations including 19 C-130's and 29 C-20's.

Virtually, all of the Navy's airlift is operated by the Naval Reserve. These aircraft support Navy peacetime and contingency operations while training for mobilization. In fact, Naval Reserve C-9 aircraft, during an average week in 1987, airlifted 7,700 passengers and 240 thousand pounds of cargo, but was limited to fulfilling only 60 percent of peacetime requirements because of its shortage of aircraft.

In recognition of these facts, ROA is recommending that the Congress authorize and fund a multiyear plan to address this equipment shortfall. ROA recommends procurement of 4 C-130H aircraft in FY90 ($87M plus $3M in initial spares) and four more in FY91 plus the procurement of 2 C-20F aircraft to replace the obsolescent 35 year old C-131H aircraft located at Andrews AFB ($49.6 M) plus the procurement of a third C-20F in FY91 to complete the modernization of the Andrews squadron.

In a like manner, the Marine Corps Reserve needs congressional action to add funding for the procurement of two KC-130T aircraft in FY90 ($50 M) and FY91 ($53 M), plus $5M for spares each year. These aircraft are part of the last six KC-130Ts needed to complete the squadron at Stewart Air Base N.Y. and, thereby, provide the Marine Corps with a capability to perform the essential missions of refueling long-range fighters or low-level, low-speed helicopters.

The Marine Corps Reserve also needs AH-1W Cobra helicopters to replace 20 year old AH-1J model aircraft and AV-8B Harriers to replace A-4 light attack aircraft.

FORCE MANNING

A key element in the effectiveness of any military unit is the personnel. Is the unit fully manned? Are the assigned personnel trained and ready to perform?

ROA strongly supports the small growth in Selected Reserve personnel requested for the Naval and Marine Corps Reserve reflected in the table below:

SELECTED RESERVE END STRENGTH

NAVY

	FY89	FY90	CHANGE
DRILLING	130,609	130,880	+271
FULL TIME SUPPORT	21,991	22,320	+329
TOTAL SELRES	152,600	153,200	+600

MARINE CORPS

	FY89	FY90	CHANGE
DRILLING	41,655	41,699	+44
FULL TIME SUPPORT	1,945	2,301	+356
TOTAL SELRES	43,600	44,000	+400

The proposed growth in Full Time Support (FTS) personnel is particularly important. Both the Naval and Marine Corps Reserve have had limited or no growth in this essential area during the past few years. The failure to permit growth in the number of full-time active duty personnel needed to train, administer and support an expanding Reserve with more complex equipment has been a glaring example of the misconception that new or expanded missions can be transferred to the Reserve components without the required resources.

Cost effective incentive pays are also needed. The Naval Reserve is manning assigned ships at a high level and the dedication of Naval Reservist assigned is unquestionable. However, the nature of service on a Naval Reserve ship, underway on Friday to return late Sunday, often operating under physically demanding conditions at sea the entire weekend, has created higher than desired personnel turnover. The result is an expensive training problem. For several years the Navy has proposed, and now, for the first time, the administration has supported a proposal to authorize a new unit incentive pay on a test basis.

This incentive would permit payment of an additional $10.00 per drill per month (not to exceed $50.00 per month) to enlisted Selected Reservist assigned to critical "hard-to-man" units. The

Navy plans to test the efficiency of this new incentive pay on the Selected Reserve crew members of the Naval Reserve Force ships. This modest incentive will recognize the arduous nature of this duty and should increase unit readiness and decrease training costs by reducing personnel turnover. ROA strongly supports this initiative and urges this committee to do the same.

Coast Guard Reserve

The Budget request includes a slight increase in Selected Reserve strength for the Coast Guard to a fiscal year 1990 end strength of 12,950. This "growth" will still leave the Coast Guard Selected Reserve at less than 50 percent of validated mobilization requirements while the Selected Reserve of the other Armed Forces exceed 95 percent.

In addition to the overall constraint on growth of any program because of fiscal pressures, two issues have worked against needed growth in the Coast Guard's Selected Reserve.

First is the fact that the Coast Guard Reserve budget is heavily weighted toward personnel costs--more than 85 percent is allocated to personnel functions. Therefore, although Congress authorized an end strength of 13,000 for FY89, the funds available will only support a full training program for 12,100. The requirement to absorb such items as a pay raise increase requires reducing the number of personnel to be paid. Therefore, it is most important that funds be made available to match the personnel strength authorized.

The second issue which has been used as a constraint on Selected Reserve growth was the lack of a formal plan to meet requirements. Congress recognized this fact and directed the

Department of Transportation to develop a plan to reach 95 percent of the Coast Guard's Selected Reserve mobilization manpower requirements by the end of FY98 - a so called 10 year plan. ROA has encouraged the development of such a plan, and now that it has been approved, strongly recommends that it be implemented.

Unfortunately, the Administration's budget request does not match their own plan. ROA strongly recommends a modest adjustment to the Selected Reserve end strength to put the Coast Guard "on plan" -- an increase over the authorization request for FY90 by the 550 Selected Reserve end strength necessary to reach the plan level of 13,500. We also request that Congress add the $2.7 million needed to support the revised end strength to the $73.8 million already requested for the Reserve Training appropriation. In addition, ROA recommends that Congress direct the Department of Transportation to support their own plan in future budget requests.

GENERAL PERSONNEL ISSUES

Reserve Officer Personnel Management Act (ROMPA)

The need for legislation addressing appointment, retention, promotion and retirement of Reserve officers is crucial to the management of the Reserve Component. When the Defense Officer Personnel Management Act (DOPMA) was adopted in 1981 for the active component personnel, it was understood that ROPMA would follow as a counterpart to replace ROPA (Reserve Officer Personnel Act).

ROPMA was introduced in the 99th and the 100th Congresses. On 26 January 1988, when Congressman G. V. (Sonny) Montgomery announced his introduction of a ROPMA bill (H.R. 3856/100th

Congress) at a Reserve Officers Association Mid-Winter Conference at the Washington Hilton, the 500 Reserve officers attending responded to the announcement with a prolonged standing ovation.

In its Annual report of the Reserve Forces Policy Board, the Reserve Forces Policy Board states that among other issues, ROPMA would:

- Provide common statues for all Reserve Components regarding appointment, promotion, separation, and retirement of Reserve Component officers.
- Establish a visible, uniform, and improved personnel management system for Reserve Component officers not on the active duty list.
- Provide the flexibility to be responsive to changing officer requirements.
- Provide a balance between management objectives and equitable treatment of individual career expectations, including an attractive career progression for Reserve Component officers.

In its conclusion, "The Board recommends that passage of the proposed ROPMA legislation be given priority by the Congress."

The House Armed Services Personnel Subcommittee held hearings on ROPMA in September of 1988. All who testified from the services and from the military associations unanimously supported the ROPMA proposal and recommended the earliest possible adoption of the legislation. ROA understands that a little changed ROPMA bill will be introduced in the house soon. We look forward to its introduction and urge the Senate to consider the legislation as soon as possible.

Reserve Medical Coverage

On behalf of our members ROA would like to express it's appreciation to the Congress for the progress that has been made over the past several years towards equalizing the medical benefits for Reservists and their survivors in the event the Reservist becomes ill, is injured, or killed while traveling to or from training or while participating in weekend drills or on tours of less than thirty days. Your recognition of the increased reliance that is being placed upon the Reserve Components has been paralleled by legislation to provide equal medical, disability, and survivor benefits for this important element of the Total Force.

While the major disparities that existed several years ago have been addressed and remedied we would like to point out that there is still a need to enact legislation to provide, in the case of members of the Reserve who are seriously injured in the line of duty while in a training or training related status, authority for the Service Secretary concerned to order a seriously injured Reserve Component member, with his or her consent, to extended active duty when it is determined to be in the interest of fairness and equity to do so.

The need for this legislative fix was highlighted in June 1987 when an Army Reserve Component helicopter crashed during training exercises killing two soldiers and seriously injuring six others. Since both active duty and Reserve soldiers where on board the aircraft at the time of the accident it quickly became apparent that due to anomalies in the statutes families of active duty disabled soldiers have considerably more entitlements than do those of Reserve Component soldiers. Following the accident Reserve Component wives had problems reaching their severely injured husband due to the lack of a travel entitlement, obtaining on-post housing, and access to commissary, exchange and medical treatment because the Reserve Component soldiers were not on active duty. Families of those soldiers on extended active duty did not experience similar problems.

Since Congress authorized the Service Secretaries in P.L. 99-661 to involuntarily order to active duty any Reserve Component member captured or detained against his or her will by a hostile force, in order to provide some benefits and protection to Reserve Component members and their families during such situations, similar corrective legislation is warranted in the case of a member of a Reserve Component who is disabled in the line of duty by injury, illness, or disease while in a training or training-related travel status. ROA supports correcting this problem in the interest of fairness and equity.

Medical Shortfalls

ROA continues to be concerned over the shortages of health care professionals within the Reserve Components. The impact of the shortage of health care professionals within the Reserve Components is brought into focus when we note that approximately two-thirds of the medical care required during a major conflict in which the U.S. may be involved is programmed to be provided be the Reserve Components. For example, the Army will rely on the Reserve Components to provide 77% of its general surgeons and 75% of the required nurses. In the Air Force, the Air Reserve Components are tasked to provide 35% of the wartime medical manpower requirement. The Air Reserve Components also provide 70% of their second echelon tasking, 75% of their CONUS augmentation tasking, and 97% of their aeromedical evacuation wartime capability. These are just examples of the dependency the Total Force places upon the Reserve Component medical care needed during a wartime scenario. For this reason, we hope that this Committee, as it addresses the medical shortfalls that currently exist, will work with the services to address methods by which the Reserve Components may reduce their shortages.

We recognize and applaud steps the Congress has already taken in the form of the new Specialized Training Assistance Program to provide monthly stipends for members training in critical skills in return for a commitment to the Selected

Reserve or the Individual Ready Reserve. The Health Professions Loan Repayment Program, which provides for repayment of student loans in return for service in the Selected Reserve, is another step in the right direction. However, we are concerned that the shortages which currently exist will continue if additional new and creative recruitment and retention procedures are not adopted. ROA hopes that the members of this Committee will work with the health professionals in the different services to establish additional programs to solve the shortages of Reserve Component medical professionals. In the past, ROA has testified that we believe a health care professionals special pay program for Reserve personnel should be considered as part of an overall plan to reduce existing shortages. ROA still believes that an adequate special pay incentive program, when coupled with other incentives, would have a beneficial effect on recruiting and retention for the Reserve Components.

User Fees

When the FY88 DoD Authorization Bill was signed into law, it contained a two year prohibition on the charging of outpatient fees at military medical treatment facilities. Unfortunately, those two years expire on the First of October and we note that OMB is again attempting to impose this new tax on active duty military dependents and military retirees and their dependents under the guise of a limited test program. ROA strongly opposes this proposed tax and hopes the Congress will again take action to prohibit the implementation of a users fee at military medical treatment facilities. Should such a user fee be permitted it would break faith with the long standing commitment by the Government to provide free medical care to military personnel and their families, and would have adverse effects on morale which could impair job satisfaction, performance, retention and readiness.

Medicare Catastrophic Coverage Act of 1988

ROA is very concerned over the impact that the new Medicare Catastrophic Coverage Act of 1988 can have on the desirability of making the military a career either in the active or Reserve Components. An often promised and accepted element of military compensation has been that of no-cost medical care both during the members military career and on into retirement. Unfortunately, the funding mechanism of the new Medicare Catastrophic Cap legislation has the effect of placing an unanticipated financial burden on many military retirees. Even those military retirees who exclusively use military treatment facilities now find that if they pay any federal income tax at all they will be required to pay an additional Medicare surtax when they become Medicare eligible. Therefore we urge the Congress to codify the historical commitment of no cost medical care for uniformed service retirees, their dependents and survivors, thereby removing the Catastrophic Coverage surcharge from these retirees. In addition, we would recommend a reexamination of the financing mechanism utilized in the 1988 Medicare Catastrophic Coverage Act with the objective of lessening the harsh financial impact that the current law has upon those senior citizens who had planned in order to be self sufficient in their golden years, and now find that they are being penalized by an additional tax on their income.

GI Bill

From all reports that the Reserve Officers Association has received the new Montgomery GI Bill is having a positive impact on the quality of recruits entering both the active and Reserve forces. We believe that the Montgomery GI Bill is good not only for the services and the individual service member but also for our country. Last year we testified in support of some fine tuning of the bill and were pleased to note that one of our major requests, the death benefit provision, was enacted into law.

The need still exists for certain improvements, including a legislative change which would permit Reservists to use the Montgomery GI Bill for post graduate training. This would be an incentive to attract and retain college graduates into Reserve programs. In addition, ROA has gone on the record as supporting recognition of on the job training, correspondence schools and apprenticeships as authorized programs under the new GI Bill. There are many skilled, technically oriented positions within the Reserve where such training courses could be utilized to raise the overall effectiveness of the Reserve Components.

The Two-Tier Reserve Component Retirement Plan

ROA notes that the Administration's Budget submission endorses the adoption of the Two-Tier Reserve Retirement Plan prepared by the Sixth Quadrennial Review of Military Compensation. While the Sixth Quad's report covered the whole range of Reserve Component compensation, and ROA supports many of its recommendations, the major change it proposed is to the Reserve Retirement system and this is an area were the Association feels caution should be exercised. The major rational for proposing a change to Reserve Retirement appears to be that it would provide a better management tool by permitting Commanders to offer some incentives for an individual to transfer immediately to the Retired Reserve and start receiving the first tier of Reserve retired pay provided, of course, that the service member has completed the necessary twenty qualifying years of service. In passing, we note that this change would increase near term outlays for the Reserve Retirement program. While on the surface the prospects of immediate retired pay, upon the completion of twenty qualifying years of service, has some appeal, we are concerned that the impact on the Survivor Benefit Plan has not been adequately addressed. For example, the typical enlisted Reservist retirees as an E7, and thus the "tier one" benefit of 5% basic pay at twenty years of service would provide an immediate retired pay of approximately $90 a month. Should that member elect the maximum survivor benefit annuity, the survivor would receive less than $50 a month and at age 62 less than $32 a month in constant dollars.

Because of this obvious shortcoming in the proposed two-tier retirement system ROA recommends that, if the services really feel they need a management tool to encourage selected individuals to retire early, there is a better understood, less traumatic and certainly in the short term less costly, way to do it. We believe strong consideration should be given to providing the no cost/low cost retirement benefits, that currently accrue at age 60 upon the receipt of Reserve retired pay, immediately upon an individuals transfer to the Retired Reserve, assuming of course, that he or she has the necessary twenty qualifying years of service. These no cost/low cost benefits would include Space A travel, unlimited commissary and exchange privileges, access to MWR facilities, etc., but would not include medical benefits until age 60. A side benefit of granting these privileges to the so called "grey area" Reserve retiree would be the potential for raising additional funds for the MWR system, which as you know, is suffering in this area. Thus, before consideration is given to a complete revamping of the entire Reserve Component retirement system, we suggest that the Congress consider the granting of these no cost/low cost benefits immediately upon the transfer to the Retired Reserve by those Reservists who will be eligible for Reserve retired pay at age 60.

Survivor Benefit Plan

We believe that the current Survivor Benefit Plan requires another look and towards that end ROA has been working with the Military Coalition in the preparation of a revised SBP which would not reduce benefits for survivors upon the attainment of age 62. The enactment of the Two-tier Survivor Benefit Plan, contained in the FY86 Defense Authorization Bill which became effective 1 October 1985, has focused attention on the fact that SBP is reduced when the survivor reaches age 62. At least under the old social security offset system a Reservist who paid maximum social security taxes each year in his civilian employment, and thus had no military pay contribution to FICA, was providing an unreduced annuity for his or her survivors. Under the new system the survivor of a Reservist who had no social security credits based upon military service will still suffer an annuity reduction from 55% to 35% at age 62. We believe that this arbitrary formula unjustly impacts on this group of survivors and recommend that the Committee re-examine the whole Survivor Benefit Plan with the goal of eliminating such drastic reductions as the survivor gets older and instead support a plan which would provide a constant annuity to the survivor .

COLA Equity

If adopted as submitted the Administration's FY90 budget will do serious damage to military retirement. The budget proposal would eliminate the Cost of Living Adjustment (COLA) for all military retirees and federal retirees that will be due this December to compensate for the inflation that has occurred over the previous year. In addition, future COLAs would be limited to the CPI minus 1% thus guaranteeing the diminishing purchasing power of military retired pay. The paradox in the budget submitted to Congress by the Administration is that it claims to provide full COLA protection to veterans as well as social security recipients. The fact that military retirees are veterans too is totally ignored.

ROA believes that the elimination of this year's COLA and the reduction of future COLAs places an unfair burden for deficit reduction on those who have spent a minimum of twenty years in the military serving our nation. We do not believe that military retirees and federal civilian retirees should be singled out again to shoulder a disproportionate share of budget cuts. In fairness, the same basic COLA policy must apply to those who retire under all government sponsored retirement programs, be it social security, military, or civil service. Since no reduction is proposed in social security or veterans COLAs we strongly urge you to support COLA equity for military retirees. Continued erosion of the purchasing power of military retired pay will result in a lack of confidence in the system and adversely impact upon the ability to acquire and retain the quality and quantity of personnel needed to man the Total Force. Since legislation has been introduced in both the House and the Senate to preserve COLA equity we urge you to support H.R. 1074 and S. 416 if the full COLA is not restored by Committee action.

Tax Relief for Drilling Reservists

Prior to the 1986 Tax Reform Act members of the National Guard and Reserve were allowed to deduct the full cost of travel, food and lodging expenses related to their military training duties. Unfortunately, the 1986 Tax Reform Act permits these expenses to be deducted only if they, in combination with other authorized expenses, total more than 2% of the individual's annual income. We believe that this change is a disincentive that needs to be corrected. If we want to encourage participation in the Guard and Reserve, service members should receive fair tax treatment and be permitted full deductibility of expenses including travel, food, and lodging connected with their military service.

Burial in National Cemeteries

Finally, we would like to obtain your support for a legislative proposal to amend the U.S. Code to allow a member of a Reserve Component of the Armed Forces who has served twenty or more years to be buried in the National Cemetery system administered by the Department of Veterans Affairs. Members of the Reserve Components are not considered Veterans unless they qualify by virtue of having served on active duty. Thus, although members of the Reserve Components play a critical role in the total military force of the United States, they are not eligible to be buried in a National Cemetery except under very limited circumstances. We believe that any member of the Reserve Components who has maintained a commitment to the Armed Forces for over twenty years should be permitted to be buried along with others who have provided this nation's defense. After such an extended period of service these patriots should be afforded eligibility for burial in our National Cemeteries in consideration of the service they rendered voluntarily for their country. We understand that a legislative proposal to accomplish this objective is under consideration within the Department of Defense and we would request your favorable support when it reaches the Congress.

Thank you for the opportunity to present ROA's views on these important subjects. Your support for the men and women in uniform both active and Reserve is sincerely appreciated. I will be happy to answer any questions you might have.

STATEMENT BY
LIEUTENANT GENERAL LA VERN E. WEBER
EXECUTIVE DIRECTOR
# of the
NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

INTRODUCTION

Strengthening conventional defense came to the forefront of the national security debate in 1988 for the first time in many years. Such events as the INF treaty and debate over the Strategic Defense Initiative (SDI) have increased the attention being paid to providing a ready conventional force. Although there are several opinions about the readiness and sustainability of NATO and other allied forces, few dispute the growing necessity to ensure that our conventional forces are sufficient and ready as a deterrent during a period of strategic offensive and nuclear force reduction now and in the future.

While debate continues on the current capability of NATO forces, a decision to strengthen our conventional forces has become more difficult as political pressure to reduce the budget deficit grows stronger. The nation is quickly approaching a point where much of the recent progress in improving the quality and effectiveness of our defense forces may be eroded. Four years of defense budget reductions, in real dollar terms, show the direction we are heading.

Few changes have been made in recent years in the size of the Total Army and Total Air Force -- that is in the number of warfighting units. The majority of the recent defense effort has been directed toward improving the quality of personnel; developing, procuring and modernizing equipment; and enhancing the effectiveness of training. This has paid off in significant improvements in combat readiness. However, manpower shortages and substantial equipment shortages remain.

We are concerned that current actions being taken to reduce the budget deficit will not only fail to meet the increased need to bolster our conventional forces but also could lead to a reduction in those forces at the same time our nuclear forces are being cut. Less than fully capable conventional forces can be a disaster in the event of a drawdown in nuclear forces.

THE ROLE OF THE NATIONAL GUARD

The role of the National Guard has expanded significantly since introduction of the Total Force Concept in the early 1970s. While the National Guard remains the primary early mobilization force in the event of a national emergency, it also has grown to be a critical segment of our nations' conventional warfighting forces needed in any limited or regional conflict. Even limited engagements will require involvement of the National Guard at a very early stage.

Many elements of the Army and Air National Guard are tasked in contingency plans for use within 72 hours of the start of a conflict. National Guard units are tasked in all major theater wartime scenarios throughout the world. The National Guard provides forward defense and early deploying units with missions that range from early commitment in combat to sustaining theater combat, combat support and combat service support forces.

Army National Guard forces include armor, infantry and artillery forces and aviation units with attack, lift and support missions. The Army National Guard also contributes significant signal, maintenance, transportation and other theater support forces.

The Air National Guard provides alert forces for CONUS air defense and strategic tanker support, as well as providing early deploying tactical fighter, tactical reconnaissance and tactical and strategic airlift forces. It also provides a significant portion of the Total Air Force combat communications, engineering and weapons control capability.

The contribution of the National Guard to the nation's conventional forces is measured in terms of immediate response to contingencies and early deployment in the event of mobilization. With these missions the National Guard can no longer be considered a force in reserve unavailable until well after the start of a conflict.

We recognize the committee's concern with readiness of the Army Guard and Reserve but we believe recent reports have not clearly represented the current situation. The Total Force Policy has had a positive effect on readiness in the National Guard. Currently 82 percent of Army National Guard units are reporting C-3 or better (C-5 units excluded). Units rated C-4 are being fixed as equipment is provided and MOS training is achieved. Since 1985 the Army Guard units have significantly improved. In 85, 58 percent were rated combat ready, today that figure is as previously stated 82 percent.

Although readiness is a key indicator of the ability of Guard units to achieve their wartime missions, a far more realistic evaluation of capability is the results of training and exercises where the units capability is evaluated against active Army standards and/or mission capability is judged by the performance of wartime tasks in realistic environments. Over the past eight years the Army Guard has demonstrated a degree of professionalism equal to the highest standards of the U.S. Army. In exercises in Europe, the Middle East, Central and South America, Korea and over fifty countries throughout the world, Guardsmen have displayed their ability to mobilize at home station, plan and prepare for movement of personnel and equipment, accomplish movements to ports of embarkation, deploy to dfr and often remote areas of the world, conduct operations, sustain personnel and equipment, achieve tactical success, maintain their equipment and redeploy to the United States in accordance with stringent timetables.

These exercises have been conducted as part of Total Force operations and are often fully integrated with allied military forces. They provide visible evidence that the Guard can be relied upon to achieve their wartime missions.

As important as exercises are to demonstrating unit ability to achieve the mission, the conduct of annual training by Guard units at training facilities throughout the United States remains their most prolific training environment. Evaluations by active Army officers have over recent years reported continuous improvement in Guard unit's ability to conduct wartime operations. This is reinforced by successful participation of Guard units at the National Training Center either as part of unit rotations or as members of the opposing force. Army Guard training has expanded to demonstrate the ability of units to perform tactical operations at battalion and brigade level and in recent years Guard divisions have been conducting limited tactical training at division level - a first for a peacetime National Guard.

While the Total Force Policy has given some coherence to the value and reliance upon reserve forces, CAPSTONE has given the concept body and substance. CAPSTONE aligns Guard units with their wartime commands, and much of their training is driven and focused upon these relationships. Never in our nation's history has the reliance upon the Guard been greater, and CAPSTONE clarifies the nature of that reliance by training in accordance with existing war plans.

The Army Guard has made enormous progress over the recent past, but much remains to be done. In the final analysis, the Total Force Policy can work, provided the Guard is properly resourced. This statement addresses the current shortfalls in attaining that goal.

STATUS OF THE GUARD

With its expanding role, the National Guard must attain and maintain a high level of mission readiness. Units with insufficient manpower, aging equipment, or less than fully trained or maintained forces will be less effective in performing their mission. The primary goal of the National Guard Association of the United States is to ensure that the

National Guard portion of the total conventional force is, in fact, capable and ready. Therefore, we intend to concentrate our efforts toward the allocation of the manpower, equipment, training and facilities needed to accomplish wartime missions. In addition, we will continue to address improvement in personnel benefits, and entitlements especially in the areas of education and survivor benefits.

The increased level of mission and training activities, which have developed as a result of the expanding role of the National Guard, have generated growing manpower requirements in both drill strength and full-time support manning. However, the units and missions assigned to the Army and Air National Guard during the past several years have not received the full-time manpower spaces, senior officer and enlisted grade ceilings or funding necessary to fill the programmed requirement.

Effective recruiting and retention of quality personnel are necessary to attain the required manpower levels. Equitable treatment of personnel and family issues, such as educational assistance and survivor benefits, are critical to achieving that goal.

Equipment shortages continue to degrade mission readiness. Although modernization continues, significant shortages remain. It is essential that National Guard requirements be included with those of the active services early in the program cycle in order to provide for concurrent procurement of equipment for the Total Force. That would assure the National Guard's continuing ability to meet readiness requirements. In the interim, research and development and modification programs must be continued by the services to ensure that the older equipment in the National Guard is maintained, and upgraded where necessary to a combat effective level, until it can be replaced by new equipment coming into the Total Force inventory.

Effective training is also a critical element in providing a ready National Guard. This requires resources for formal individual and unit training, schools, exercises, deployments, day-to-day operations and adequate ranges and training facilities. Recent budget cuts have begun to erode the resources available for readiness training. If current and future budget cuts result in a further reduction of training resources, they will have an immediate adverse impact on National Guard readiness.

Many of the current National Guard facilities which are used for administration, maintenance, storage and training require major renovation or replacement. The backlog of construction projects continues to grow each year. Allowing further deterioration of existing facilities will have an adverse impact on mission and support activities.

FORCE MIX

Recent worldwide events have caused new demands for reviews of burden sharing with our NATO allies, forward deployment of our forces, the mix of active and Guard/Reserve forces and even the need to maintain a high level of readiness of the Total Force in the near term. Indeed, most Administration and congressional leaders have recently indicated it may be desirable to move more units and missions into the Guard and Reserve because of budget constraints and possible force realignment. In view of these concerns, it would not appear prudent to make any reduction in Guard and Reserve forces at this time.

While assessment of the threat and determination of optimum defense forces to counter the threat is the responsibility of our nation's leaders, the National Guard Association will continue to identify and seek the resources needed by the Army and Air National Guard to fully meet assigned mission requirements.

MANPOWER REQUIREMENTS

Probably the most important element in producing combat ready National Guard units is the ability to recruit and retain the required numbers of quality personnel. While the National Guard has been able to meet its approved manpower goals in recent years, increased reliance on the Guard has placed even greater demands on recruiting and retention to meet both the full-time support and total Selected Reserve strength requirements.

At the end of FY 1988, the Army National Guard had attained a total strength level of 455,182, including 25,659 full-time Active Guard/Reserve (AGR) members and 28,385 military technicians. The Air National Guard ended FY 1988 with a strength level of 115,221, including 7,709 AGR members and 23,409 technicians. In FY 1989, the Army Guard is programmed to grow to a total strength level of 457,300, with 25,914 AGR members and 28,120 military technicians. The Air Guard figures are 114,975 total strength, with 7,948 AGR and 23,644 technicians. Although both the ARNG and the ANG have existing backlogs of unfunded full-time manpower requirements of approximately 20,000 and 3,000 respectively, the amended FY 1990 budget contains growth of only 587 in the Army National Guard and 837 in the Air Guard.

The increased level of training and mission activities, which have developed as a result of the application of the Total Force Policy over the past fifteen years, have generated growing manpower requirements in both total drill strength and in the area of full-time support.

If a unit is to make maximum utilization of its limited training time, full-time personnel must be available to plan for, support and participate in unit training sessions and exercises. These personnel perform the day-to-day functions which must be accomplished if a unit is to be effectively trained during peacetime, i.e., personnel administration, supply accounting, equipment maintenance, and management and assistance in daily operations. Full-time personnel are a basic element in producing readiness in Guard units.

The Army and Air National Guard have a mix of military technician and AGR personnel filling full-time support needs. The following table reflects the shortage of full-time personnel that will exist at the end of FY 1990 and FY 1991.

FULL-TIME SUPPORT	ARNG		ANG	
	FY90	FY91	FY90	FY91
DoD Validated Requirement	74,974	76,203	35,398	35,400
Authorized Mil Technicians	28,457	28,607	23,912	23,935
Authorized AGR Members	26,164	26,514	8,517	8,468
Shortage	20,353	21,082	2,969	2,997

The units and missions given to both the Army and Air National Guard during the past several years have not been fully resourced with either drilling members or full-time support manpower. In addition, the higher level of peacetime training and operational activity has resulted in a requirement for more full-time personnel, especially in the Army National Guard. The significant shortages will therefore be carried forward into FY 1992 unless corrective action is taken.

In recent annual reports to Congress, the DoD Reserve Forces Policy Board (RFPB) has stated that the readiness and mobilization capabilities in all of the reserve components have shown major improvement due primarily to the added emphasis provided by full-time support personnel. Data in its FY 1987 report shows a very close correlation between the percentage of full-time manning and the percentage of units mission ready (C-3 or better) in any component.

The National Guard Association believes the Army and Air National Guard must be provided both the drilling and full-time manpower needed to meet the requirements of the missions and units assigned to them. Therefore, we urge Congress to authorize and fund additional growth of 2,000 AGR and 2,000 military technicians above the budget for the Army National Guard and 150 Active Guard Reserve and 450 technicians for the Air Guard in both FY 1990 and FY 1991. This will begin to reduce existing full-time support manpower shortages.

The amended FY 1990 budget proposes a reduction in Air National Guard force structure. Pending completion of the current force structure and force mix review, we urge the Congress to restore 600 drill strength, 48

AGR and 195 military technician positions to reverse the draw down of Air National Guard flying units.

EQUIPMENT REQUIREMENTS

Another critical limiting factor to mission readiness in both the Army and Air National Guard continues to be equipment shortages. During the 1980s, modernization has continued through the efforts of the Army, Air Force and Congress; however, significant shortages remain. The RFPB report for FY 1988 indicates that the shortage in equipment on hand at the end of the year for all Guard and Reserve components was valued at $14.1 billion. Although the shortage had been reduced by approximately $1.5 billion from the prior year, it still represents a shortage of almost 16% of total value of wartime equipment requirements.

Of the total $14.1 billion shortfall, $7.8 billion is in the Army National Guard and $1.8 billion is in the Air Guard. That represents a shortage of onhand versus wartime requirements of about 23% in the Army Guard and 7% in the Air Guard.

The strong support of Congress in recent years has significantly reduced some of the most critical needs. With modern equipment, or at least compatible and deployable equipment, the National Guard can be an effective full partner in the Total Force. But sufficient equipment must be provided to meet wartime requirements and initial training requirements of new units or missions.

The most urgent Army and Air National Guard equipment requirements are addressed in brief in the following paragraphs.

ARNG Tank Modernization Program

The ARNG was scheduled to be equipped with 480 M1 tanks and 3,357 M60A3 thermal sight tanks by the end of 1990, which led to a proposal to upgrade the combat effectiveness of the ARNG M60A3 fleet. In lieu of modernizing the M60 series tank, the Army announced its intention to equip the Army National Guard with M1 tanks as the M1A1 tank was distributed to the Army. Current Army plans now call for completed fielding of M60A3 tank to the Army Guard by the end of FY 1994, four years later than the original plan. The current plan also indicates M1A1 distribution to ARNG roundout units but fails to show complete fielding of the older 1980 vintage M1 tank to the ARNG through FY 1998.

Tanks have a critical role in conventional force strategies. We strongly urge support of continued production of the M1A1 tank at a rate of 720 per year and funding for transition of full battalion sets of M1 tanks and associated equipment to the Army National Guard.

M113 Family of Vehicles

The Army has not programmed any procurement of the M113 Family of Vehicles (FOV) for FY 1988 and beyond. The production line had been scheduled to close in FY 1989 and has remained open only because of congressional action to include M113s in the FY 1988 budget. The ARNG is still experiencing near-term "war stopper" shortages of over 3,000 M113 FOVs, approximately 1,000 of which are armored personnel carriers, required by Army National Guard combat or combat related units. In addition, there is a 16,000 vehicle shortage in war reserve stocks. We urge continuation of M113 FOV production by providing $91 million for 300 M113A3s and $27.5 million for 100 M577A3 command post carriers in FY 1990.

Attack Helicopters

While five of the ARNG's 15 attack helicopter battalions are currently programmed to receive Apache (AH-64) helicopters, the ARNG will be modernized through Cobra (AH-1S) helicopter transfers as the Army receives Apaches. Vietnam era UH-1M helicopters will remain in the Guard system beyond 1990-91 based on the current replacement rate. We encourage Congress to support continuation of a production rate of 72 Apache helicopters in FY 1990 and in future years until all Total Army advanced attack helicopter requirements have been met.

Utility Helicopters

By 1991, the scheduled purchase of UH-60A Black Hawk helicopters will be completed for the active Army. At that time, 85 percent of the Army

National Guard UH-1H/V Huey helicopters will be over 20 years of age with the average age being 23 years. Current distribution plan schedules do not reflect sufficient Black Hawk utility helicopters to modernize a Guard fleet of nearly 900. Modernization of the utility helicopter fleet in the ARNG is urgently needed. Therefore, we request Congress fund production above the Army program of at least 24 Black Hawk helicopters for the Guard in both FY 1990 and 1991 and continue an increased production rate until all the aging UH-1H/Vs have been replaced.

Observation/Scout/Cargo Helicopters

The final elements in the Guard helicopter fleet are the less glamorous but essential work horses -- observation, scout and cargo helicopters. The need for their modernization to fulfill Total Army wartime requirements is equally critical. The current mix based on aging airframes and repair parts shortages results in deployability, maintainability, and interoperability problems. Specifically, we urge support of funding in FY 1990 and 1991 for an upgrade and reengine program for observation/scout helicopters and a long-term upgrade and replacement program for cargo helicopters. Both are critically essential for improved readiness.

Air Defense Artillery Modernization

The Army National Guard is severely short of organic air defense artillery for its major combat forces. The Guard air defense force structure is programmed to modernize its Air Defense Artillery battalions as a result of conversions and activations during FY 1938-1991. We urge Congress to support actions that ensure that the Guard is included in the planning and fielding of any new air defense assets that replace current outdated and inadequate systems.

Multiple Launch Rocket System

Currently, there are no procurement programs to provide the Multiple Launch Rocket System (MLRS) launchers and rockets to equip the nine Army National Guard divisions or to satisfy any additional MLRS needs for

Guard corps artillery units. Your support of increased production to accommodate the issue of two battalion sets of MLRS launchers per year to the ARNG until Guard requirements are satisfied is requested. It is also important to provide funds for rocket production sufficient to meet Total Army requirements.

Simulators and Training Devices

The Guard is required to achieve levels of training equal to that of the active Army. Simulators and training devices help to alleviate difficulties in the Guard and Reserve unique training environment resulting from the large number of small geographically scattered units. Funding of $5 million for research and development, $25 million for procurement and $2.5 million for operations and maintenance of training devices and simulators, tailored to the needs of small units, would provide a low cost enhancement of readiness training.

Operational Support Aircraft

Fixed-wing support aircraft are needed in the Army and Air National Guard to provide the capability to meet mobilization requirements of the state area commands, to transport personnel for command, control and supervision of subordinate elements, and to support movement of personnel, equipment and supplies to and from training areas, ranges and detached alert sites. Sixty percent of the mission support aircraft in the ARNG fleet are over 30 years old and are rapidly becoming logistically unsupportable. Additional aircraft are also needed in the ANG to meet growing support requirements. We encourage Congress to support a procurement program to provide 10 C-23 logistical support aircraft to the Army National Guard and six modern C-26 type aircraft per year to both the Army and Air National Guard until mission and operational support requirements are met.

C-130H Tactical Airlift Aircraft

The airlift units of the Air National Guard provide 35 percent of the Air Force's tactical airlift assets and services. The C-130B has an average age of over 30 years and cannot match the airlift capability or, based on maintenance, the cost effectiveness of the C-130H. We strongly urge Congress to authorize and fund 18 C-130H aircraft to replace C-130B models in the Air National Guard in FY 1990.

Tactical Fighter Aircraft

Fighter aircraft are not being procured in sufficient quantities to meet Air Force, Air National Guard, and Air Force Reserve modernization needs of either force size or age goals. More than 50 percent of the Guard air defense, tactical fighter and reconnaissance aircraft are 20 or more years old and they are highly vulnerable in today's battlefield environment. We solicit congressional support of the accelerated modernization of ANG fighter squadrons by authorizing and funding multi-year procurement of at least 42 F-15 and 150 F-16 aircraft for the Total Air Force tactical fighter force.

Tactical Aircraft Improvement Programs

The Air National Guard is tasked to fight the same war, at the same time and in the same place as active Air Force units. It is imperative that we have commonality of weapons systems and tactical air support capability. The goal of modernization of the ANG tactical fighter and tactical air support fleets can be advanced by providing funds for implementation of the Multi Stage Improvement Program (MSIP) for the F-15, by funding upgrade modifications for the F-16A/B tactical fighter and by continuing the A-7 plus enhancement program in the Air National Guard. We request your support of these three programs.

Electronic Countermeasures (ECM) Pods

The environment of a potential combat arena is such that rapid and correct countermeasures are necessary to alleviate the threat from enemy radar controlled weapons. The few ECM pods now in the ANG inventory are not adequate to meet the current threat. We urge Congress to begin an extended program to equip ANG tactical aircraft units with up-to-date ECM pods.

Fighter Reconnaissance Pod

Manned penetrating reconnaissance will be a warfighting requirement for the foreseeable future. A state-of-the-art reconnaissance pod is the most mission capable, cost-effective, near-term solution to modernization of the tactical reconnaissance force. We urge Congress to authorize continued development of a reconnaissance pod for a manual tactical reconnaissance aircraft.

Miscellaneous Equipment

Since FY 1982, Congress has provided funding for National Guard mission essential equipment to be selected by the Chief, National Guard Bureau, based on his most pressing shortages. While communication/electronic equipment has repeatedly been procured with these funds, it continues to be a serious shortfall. A high percentage of the essential command and control communications mission of the Total Force is in the Army and Air National Guard. Interoperability and obsolescence remain major problem areas. Over the past years, miscellaneous equipment funds have also been expended for trucks, medical equipment, aircraft support equipment, and other critical items. Even with the progress made possible through miscellaneous equipment funds, the National Guard continues to suffer shortages in ground and air combat equipment, communications equipment and medical equipment. Much of the equipment needed does not represent major procurement line items. We urge continued funding for miscellaneous equipment in FY 1990 and 1991, in order that the Chief, National Guard Bureau, can alleviate day-to-day shortages of high priority and combat essential equipment and directly improve combat capability and survivability of early mobilizing units of the Army and Air National Guard.

FEDERAL SHARE OF COST OF ARMORIES

The law requires that the cost of new Army Guard armory construction be shared between the federal government and the states at a 75/25 percent ratio. The states must also furnish the land, provide site preparation and bring utilities to the property. Following construction and acceptance, the states acquire ownership of the armory and are required by current directives to maintain the armory at state expense and make it available for military use for 25 years. States are often hard pressed to appropriate the funds required to both construct and maintain armory facilities.

During the past several years, congressional action provided some relief to the states. Changes in law authorized 100 percent federal funding of expansion projects, required as a result of federal mission changes, and allowed advanced federal funding of engineering and design costs on a reimbursable basis.

Congress also authorized cost sharing of major maintenance projects for armories and full federal funding for the provision of space, utilities and communications support of full-time federal personnel. However, we are concerned that the assistance provided by Congress is not being continued by DoD in programming and budgeting. In the FY 1990 and 1991 budgets funds have been included for this purpose but unspecified budget cuts in operating funds again put this program in jeopardy. We would hope that the support of Congress for this essential funding would be recognized and that sufficient funding would be included in the FY 1992 Defense budget.

The cost of an executable annual program of providing support to Army Guard full-time federally employed personnel and fifty percent of the cost of major armory maintenance projects is $25 million. The National Guard Association urges Congress to ensure this level of support is provided in FY 1990 and 1991.

MILITARY CONSTRUCTION

The unfunded military construction backlog in the National Guard continues to grow and will reach approximately $3 billion for the Army National Guard and $1.1 billion for the Air National Guard by the end of FY 1990. As a result of many units being forced to continue using inadequate facilities, manpower retention and unit readiness are being adversely affected. Two major factors in unit readiness capability -- training and equipment maintenance -- are being severely hampered.

We appreciate the increased funding Congress has provided for both programs. However, an annual appropriation rate of slightly over $150 million for the ARNG and approximately $150 million for the ANG has not allowed them to keep pace with both the new construction requirements which are caused by expanding federal missions and force structure changes or with the backlog of maintenance and replacement projects for current mission facilities. The unfunded construction projects are fundamental structures such as armories, maintenance shops, storage facilities for newly assigned equipment, fire suppression systems at air bases, and training facilities. Each additional project not only enhances the readiness of the units affected but also adds to the economic health of the community and state where it is located.

We urge that Congress recognize the existing National Guard military construction backlog and provide funding to accelerate National Guard construction programs to a level that will, fund all new mission requirements plus a minimum of $150 million to apply against the current mission requirements of both the ARNG and the ANG in order to enhance readiness and begin to reduce their existing backlogs.

PERSONNEL ENTITLEMENTS AND BENEFITS

We fully agree with most military leaders that manpower is the mainstay of the Armed Forces of this country. All soldiers, airmen, and sailors whether they are active, Guard or Reserve make personal sacrifices to serve their country. In order to maintain the required levels of readiness and to fulfill their Total Force role, Guard members are increasingly called upon to perform additional duty periods, often without pay or benefits.

Our goal is to recruit, train and retain quality personnel. The quality of Guard personnel has steadily increased during the past decade. Entitlement and benefit programs have provided a significant incentive to belong to the Guard. Unfortunately, we continue to have personnel policies and provisions in law that fail to support the principles of the Total Force policy for Guard and Reserve members and adversely impact on recruiting and retention.

Survivor Benefit Plan

With changes to the two-tier Survivor Benefit Plan (SBP), the annuity for a large number of survivors of the National Guard and Reserve was substantially reduced. Members of the National Guard and Reserve generally do not earn much Social Security credit based on their military service and prior to 1986 their survivors experienced a minimal offset.

The original SBP was modeled after the Civil Service retirement system. Comparison between the Federal Employees Retirement System (FERS) and the two-tier SBP demonstrates a major inequity between the two revised programs. FERS provides a 50 percent annuity without reduction when an individual is eligible for Social Security. The SBP annuity drops to 35 percent.

In our view, there is no valid reason to provide a military survivor a lower percentage of a survivor annuity than that of a Civil Service employee survivor. NGAUS urges the enactment of legislation to establish, at the very least, an option for a single tier, 50 percent maximum annuity for eligible survivors of all military personnel.

GI Bill Expansion

The proven effectiveness of the Montgomery GI Bill for the Selected Reserve as a tool for improving overall quality manning and readiness of the Guard and Reserve is limited by the exclusion of certain types of educational assistance. Expansion of the programs of education available to Guard and Reserve members to emulate those available to active members under Chapter 30, Title 38 would make the program more effective. Some of our vital readiness skills require hands-on vocational or advanced degree studies. We strongly urge Congress to expand the Montgomery GI

Bill Chapter 106, Title 10 program to cover the same categories of educational assistance as Chapter 30, Title, 38.

Army Continuing Education System

Educational assistance through the Army Continuing Education System (ACES) is available to all members of the active Army and members of the Army National Guard and Army Reserve except for officers on active duty or AGR status and all Guard and Reserve warrant officers. The program also prohibits all Army Guard and Reserve personnel from receiving tuition assistance for graduate studies. Legislation to amend Section 2007, Title 10, USC to entitle all members of the Army Guard and Army Reserve to the same ACES opportunities currently afforded to the active component, and to most Guard and Reserve soldiers, is requested.

FORCE STRUCTURE CUTS/BUDGET REDUCTIONS

During recent budget reduction efforts in the Department of Defense the Air Force decided to absorb part of the cut by making force structure reductions across the active, Guard and Reserve tactical fighter and tactical airlift forces.

The FY 1989 budget proposed a reduction of two active tactical fighter wings and an equivalent wing from the Air National Guard and Air Force Reserve, with resources to be withdrawn over a three year period. It also included the first steps in a reduction of one Guard and Reserve equivalent tactical airlift squadron and two active squadrons.

During review of the FY 1989 budget, Congress questioned the cost effectiveness of applying cuts to current Guard and Reserve combat ready units and restored the funding to maintain the units. In addition, the Congress directed the Secretary of Defense to evaluate moving additional portions of Air Force missions to the Guard and Reserve and to report his recommendations by January 1989. That report is not yet available.

Force structure changes announced by the Air Force early this year indicate they are continuing with the proposal to reduce tactical fighter, tactical airlift and other flying units. Although tactical fighter reductions are not planned without concurrent conversion, the budget calls for several 24 aircraft F-4 units to be reduced to 18 aircraft as they convert to OA-10 and F-16 aircraft. In addition, one C-130E unit is programmed to reduce from 16 to 12 aircraft, without an aircraft conversion, and another unit will go from 16 C-130A to 8 C-130H aircraft.

Although details are not yet available, we are also concerned about the impact of the proposed Army Aviation Modernization Plan (AAMP). The end objective of the AAMP is to modernize the Total Army helicopter fleet. A key element is fielding of the LHX advanced helicopter in the mid to late 1990s. Our concern is that the AAMP proposes reductions in unit size equipment and manpower in the near term with no specified program for delivery of replacement equipment.

While reductions are required to meet budget limits, we seriously question the benefits in cost effectiveness or combat effectiveness of the decision to reduce Guard and Reserve forces at a time when active force combat capability is being cut and further reductions are being considered. In order to retain the maximum combat capability at the minimum cost, it would seem advisable to at least maintain the combat forces now in the Guard and Reserve. In fact, an argument could be made that Guard and Reserve forces should be robusted or expanded to take advantage of their lower cost peacetime operation and many of our nation's leaders are indicating an intention to examine that possibility.

Although cost comparisons between active and Guard units are difficult because of different mission taskings, unit size and methods of accounting for base support and overhead, estimated costs for Guard units generally range between 40 and 80 percent of the cost of a similar active unit. In any case, robusting of existing units, in order to utilize the current overhead structure, would certainly provide the lowest cost increase of combat capability possible.

Maintaining or expanding Guard and Reserve units would also provide a means of retaining in the Total Force many of the highly skilled personnel now being lost or forced out of the active forces. The investment in training and the combat capability of the Total Force would be retained although some might argue that the optimum balance of active and Guard/Reserve forces would be tilted. We believe the benefits of retaining the current force level and most of the combat capability would be significantly greater than the marginal costs involved.

We strongly urge that as Congress realigns priorities within the FY 1990/1991 DoD budget savings from other areas be applied to reinstate the proposed Guard and Reserve force structure cuts in order to retain the maximum number of skilled personnel and Total Force combat capability possible within the budget limit.

SUMMARY

We have appreciated this opportunity to present the views of the National Guard Association of the United States on the current status of the National Guard and the actions needed to improve combat readiness.

We sincerely appreciate the strong support of Congress in providing manpower, equipment, training resources and facilities in the past. That support, along with the support given by the services and DoD under the Total Force Policy, has allowed the Army and Air National Guard to greatly increase their combat readiness during the 1980s.

The National Guard and Reserve are a substantial element of the conventional force. As we enter a new era of budget constraints and force structure realignment, we must identify and satisfy the readiness needs of all Active, National Guard and Reserve components if the nation is to have the most effective defense force for the lowest possible cost. Shared responsibility demands equitable sharing of resources to meet present and future force requirements. As the Nation faces budget decisions that may require reductions in defense resources, it is imperative that we have an increased commitment to meet balanced Total Force requirements.

The National Guard Association of the United States recognizes the role of the National Guard in the Total Force and accepts the mandate to communicate the needs of the National Guard to meet that role. We intend to express our concern in every forum available when resources are insufficient for the National Guard to attain and maintain the readiness required.

To this end, the National Guard Association of the United States will strive to ensure that the National Guard is provided an equitable sharing of resources to meet the responsibilities assigned. Until those resources are provided, the basic tenets of the Total Force Policy will not have been fully realized and our conventional forces will not be fully ready.

Senator GLENN. So we will keep the record open for that if other organizations have statements they wish to make.

Gentlemen, we want to work with you on this. We are all trying to do the same thing; and I appreciate your being here this morning. And we will all work together on it.

Thank you.

The hearing will stand in recess, subject to the call of the Chair.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

SASC M&P SUBCOMMITTEE RESERVE OVERVIEW HEARING

Senator JOHN MCCAIN. The Fiscal Year 1989 Defense Authorization Act (p. 77) called for a consolidated report on manpower, mobility, sustainability, and equipment readiness to examine the overall interaction between the readiness of Active and Reserve forces and problems in lift and sustainability. This report was due on February 19, 1989, and has not been forwarded. What is the reason for the delay and when will it be available? What inputs were provided on Reserve forces? Please provide copies for the record.

Mr. DUNCAN. The report, entitled, "Integrated Readiness Report on Manpower, Mobility, Sustainability, and Equipment" was delayed in order to incorporate the results of the revised President's budget for fiscal years 1990–1991. Then Deputy Secretary of Defense Taft informed the chairmen of the Senate and House Armed Services Committees of this delay on April 3, 1989. The report is scheduled to be sent to Congress by August 31.

The services were asked to provide trend data for the fiscal year 1985 through fiscal year 1994 as follows: (1) readiness (manpower, training, equipment); (2) mobility (strategic mobility forces, intratheater mobility forces); and (3) sustainability (munitions, major end-items, secondary item war reserves, POL, POMCUS, medical, combat/combat service support, wartime host-nation support). These data were to include the Reserve components.

These data are being reviewed and are not available for external dissemination. After review, these data will be provided in report form.

DETAILED COMPARISON OF RESERVE COSTS

Senator JOHN MCCAIN. Throughout today's testimony, various witnesses have talked about the improving readiness and capability of Reserve forces, although the

Department of Defense is now in its 5th year of declining real spending. Please provide a detailed comparison of the currently projected fiscal year 1990 budget for Reserve forces with the budget projected in the fiscal years 1986–1990 FYDP and in the fiscal years 1989–1993 FYDP. What are the major cuts affecting Reserve forces?

Mr. DUNCAN. A biennial budget was required for the first time in conjunction with the President's budget submitted to Congress in January 1987 (fiscal years 1988–89). As a consequence of the additional work load associated with developing a 2-year budget for the first time, a determination was made to forgo the maintenance of the FYDP for the fiscal years beyond the budget year. Therefore, it is not possible to make a comparison of the FYDP for that period of time, i.e., fiscal years 1989–1993 FYDP. In addition, since all funds for equipment procured with the active appropriations for the National Guard and Reserve are not included in Program V of the FYDP, it is also not possible to make a comparison of the equipment appropriations. A comparison of the currently projected fiscal year 1990 budget with the budget projected in the fiscal years 1986–90 FYDP follows:

FYDP—PROGRAM V

[In millions of dollars]

	Fiscal years 1986–90	Fiscal years 1990–94	Change
	1990	1990	
Military personnel	12,217.5	8,692.7	−3,524.8
Army Reserve	3,189.4	2,068.2	−1,121.2
Navy Reserve	1,617.1	1,436.4	−180.7
Marine Corps Reserve	311.8	312.5	0.7
Air Force Reserve	654.9	621.1	−33.8
Army National Guard	5,338.1	3,213.4	−2,124.7
Air National Guard	1,106.2	1,041.1	−65.1
Operation and maintenance	8,826.4	6,768.0	−2,058.4
Army Reserve	1,091.6	843.6	−248.0
Navy Reserve	1,379.0	974.1	−404.9
Marine Corps Reserve	82.6	77.4	−5.2
Air Force Reserve	1,266.2	985.5	−280.7
Army National Guard	2,854.6	1,858.1	−996.5
Air National Guard	2,152.4	2,029.3	−123.1
Military construction	548.4	450.6	97.8
Army Reserve	114.5	74.9	−39.6
Navy Reserve	82.1	50.9	−31.2
Air Force Reserve	44.3	46.2	1.9
Army National Guard	204.3	114.0	−90.3
Air National Guard	103.2	164.6	61.4

The major changes to the Reserve components, during this period, include:

Army Reserve.—In manning, there has been a reduction of 47 percent reduction in full-time military strength; a force which provides continuity of operation needed for Reserve units. In addition, there has been a 41 percent reduction in the Individual Mobilization Augmentation Program; a program which preassigns and trains Reserve soldiers in peacetime to positions required upon mobilization in the Active Army units and agencies. School training, which funds professional development and skill qualification of soldiers, in units and the Individual Ready Reserve, has been reduced by 30 percent. The revised O&M levels are inadequate to sustain the required levels of maintenance and repair, and as a result, Army Reserve facilities will continue to deteriorate. Due to constrained funding, the military construction backlog of facilities has grown to the current level of $2.3 billion.

Naval Reserve.—Growth in military end strength, as originally planned, was not allowed during the review process for developing the fiscal years 1990–94 FYDP. End strength was capped at the fiscal year 1989 level. This resulted in a reduction of both drilling reservists and full-time support personnel. Simultaneous reductions occurred in supporting accounts such as school training, bonus programs, and mobilization training. Current funding levels in the O&M appropriation are sufficient to meet the minimum requirements necessary for mission readiness. Although programmatic reductions have been made to meet fiscal constraints, the vast majority of change has been in pricing, i.e., changes in fuel costs, industrial fund, and stock fund prices. Areas where programmatic reductions have been made have caused backlogs to increase, both in Naval Aviation Depot Maintenance and Maintenance of Real Property. In ship maintenance and modernization, some ship hulls have received reduced maintenance packages, and/or had their maintenance cycle interval extended. While the impact to date, has been minimal; continued reductions could cause severe material problems which will eventually cause reduced fleet readiness. Current funding levels for military construction, Naval and Marine Corps Reserves, is far below the level needed for replacement of current facilities on a 50-year cycle. The ability to replace the existing plant is further exacerbated by new mission requirements which must be funded. This causes increased maintenance and repair funding to be spent on marginal facilities, driving the entire facilities program into a greater state of disrepair.

Marine Corps Reserve.—There have been no significant changes in the Marine Corps Reserve.

Air Force Reserve.—The major changes include the following: (1) There was an acceleration of the modernization of two F-4 units. These units will receive their F-16 aircraft sooner than envisioned in the fiscal year 1986 submission. (2) The Air Force requested additional funds for medical readiness, in recognition of the need for a greater role for the Air Reserve Forces in the medical area. (3) There are four force structure reductions reflected in the fiscal years 1990-94 submission which were not reflected earlier, i.e., four less C-130B aircraft at Peterson Field, CO, one less CH-3 helicopter at Homestead AFB, FL, one less AC-130A aircraft at Duke Field, FL, and one less HC-130 aircraft at Portland IAP, OR. (4) Although DOD has agreed to restore the Weather Reconnaissance mission through fiscal year 1990, the submission does not reflect any such funding. (5) Finally, there is a reduction in Air Force Reserve C-141 and C-5 Associate, and C-130 unit equipped flying hours.

Army National Guard.—The major downward trend in the Army National Guard is a reflection of the reduction of 42,000 end strength over the period, including a reduction of more than 27,000 Active/Guard reservists (AGRs). Given the resources requested in the current fiscal years 1990-91 budget, the Army National Guard will be able to support the force structure assigned to it at the levels of readiness required by the Army.

Air National Guard.—The major reductions occurred in the number of aircraft authorized in the Air National Guard. This in turn, has resulted in a reduction in flying hours, manpower, and related support. A major reduction also occurred in procurement of spares, modification, and common aircraft ground equipment which could affect readiness. Since fiscal year 1986, modernization of Air National Guard units has occurred with fewer aircraft. However, the newer aircraft will greatly enhance readiness.

WAR STOPPERS

Senator McCAIN. What are the 10 most serious shortcomings or "war stoppers" affecting each branch of the Reserve forces?

Mr. DUNCAN. It is difficult to categorize the 10 most serious shortcomings affecting each branch of the Reserve forces. There are some shortcomings within the Total Force that I believe may hinder our ability to successfully engage in a major extended conventional conflict. These issues have been previously discussed before the Armed Services Committees of both Houses, and action is being taken towards their resolution. For example:

The shortfall in capability within the Army and Air Force Reserve components in meeting medical requirements during a major conventional confrontation is of concern to the Department and Congress. A number of actions have been initiated to minimize the medical shortfall, including an intensive examination of the problem by the Reserve Forces Policy Board.

The Air Reserve components are currently experiencing a shortage of electronic countermeasure equipment and defensive systems. These shortages reduce the ability to survive in combat.

All of the Reserve components depend on the prepositioning of unit equipment sets and war reserve material, or deployable war reserve kits to some degree. Existing war reserve related assets are insufficient to meet the demands of combat.

All of the Reserve components have expressed the need for additional full-time support personnel billets to adequately support and administer Reserve component training programs.

Another shortfall is the equipment and individual skill qualification problems found in the Army's combat support and combat service support forces, 70 percent of which are in the Reserve forces of the Army. The Marine Corps Reserve has similar problems.

There are shortages of sealift and airlift assets within the Navy and the Air Force that are required to deploy mobilized forces.

The Coast Guard Reserve is significantly below its peacetime and wartime manning requirements. The Coast Guard submitted its 10 year growth plan to the Congress in December 1988. That plan needs congressional support.

My office has been involved with funding solutions to these and other issues affecting our national defense, not only focusing on the Reserve components, but from a Total Force perspective. I believe we are making progress and will continue to do so with the continued assistance of the legislative branch. In summary, we do not have all the fiscal resources that are required to buy a risk free force.

PROJECTED SPENDING

Senator McCAIN. What are the currently projected trends in spending on each element of the Reserves during fiscal years 1991–1994? What would the impact be of constant real spending on each element of the Reserves during this period? Of a 10 percent cut in real spending?

Mr. DUNCAN. All funds for equipment procured with the active appropriations for the National Guard and Reserves are not included in the Guard and Reserve Forces Program (Program V) of the FYDP. Therefore, it is not possible to make a comparison of the projected equipment spending for the reserves. Currently projected trends in spending and other suggested spending levels for National Guard and Reserve appropriations, exclusive of procurement, follow:

FYDP—PROGRAM V

[In millions of dollars]

	Fiscal years—			
	1991	1992	1993	1994
Current fiscal year 1990 dollars				
Military personnel	9,111	9,411	9,751	10,083
Army Reserve	2,184	2,236	2,312	2,386
Navy Reserve	1,517	1,606	1,698	1,778
Marine Corps Reserve	331	342	351	360
Air Force Reserve	647	671	695	723
Army National Guard	3,352	3,448	3,560	3,669
Air National Guard	1,081	1,109	1,136	1,167
Operation and maintenance	7,029	7,296	7,598	7,936
Army Reserve	883	947	996	1,041
Navy Reserve	1,011	1,037	1,080	1,153
Marine Corps Reserve	79	81	83	85
Air Force Reserve	1,022	1,055	1,101	1,153
Army National Guard	1,885	1,985	2,060	2,111
Air National Guard	2,148	2,190	2,279	2,393
Military construction	375	412	446	491
Army Reserve	59	81	90	104
Navy Reserve	53	54	56	59
Air Force Reserve	40	39	42	105
Army National Guard	120	122	122	122
Air National Guard	107	117	135	101
Total	16,515	17,119	17,795	18,511
Army Reserve	3,126	3,264	3,398	3,532

FYDP—PROGRAM V—Continued

[In millions of dollars]

	Fiscal years—			
	1991	1992	1993	1994
Navy Reserve	2,581	2,696	2,834	2,991
Marine Corps Reserve	410	423	433	445
Air Force Reserve	1,704	1,765	1,838	1,981
Army National Guard	5,356	5,554	5,742	5,902
Air National Guard	3,337	3,416	3,550	3,661
Constant fiscal year 1990 dollars				
Military personnel	8,970	9,236	9,502	9,774
Army Reserve	2,134	2,197	2,261	2,326
Navy Reserve	1,482	1,526	1,570	1,615
Marine Corps Reserve	323	332	342	351
Air Force Reserve	641	661	679	698
Army National Guard	3,316	3,414	3,513	3,613
Air National Guard	1,074	1,106	1,138	1,171
Operation and maintenance	6,973	7,169	7,338	7,483
Army Reserve	869	894	915	933
Navy Reserve	1,004	1,032	1,056	1,077
Marine Corps Reserve	80	82	84	86
Air Force Reserve	1,015	1,044	1,069	1,090
Army National Guard	1,914	1,968	2,015	2,054
Air National Guard	2,091	2,149	2,200	2,244
Military construction	463	473	482	491
Army Reserve	77	78	80	82
Navy Reserve	52	53	55	55
Air Force Reserve	47	49	49	50
Army National Guard	117	120	122	124
Air National Guard	169	173	176	179
Total	16,406	16,877	17,322	17,748
Army Reserve	3,080	3,169	3,255	3,340
Navy Reserve	2,538	2,611	2,681	2,747
Marine Corps Reserve	402	414	426	437
Air Force Reserve	1,704	1,753	1,797	1,838
Army National Guard	5,348	5,502	5,649	5,792
Air National Guard	3,334	3,428	3,514	3,594
Constant fiscal year 1990 (—10 percent) dollars				
Military personnel	8,073	8,312	8,552	8,797
Army Reserve	1,921	1,978	2,035	2,093
Navy Reserve	1,334	1,373	1,413	1,454
Marine Corps Reserve	290	299	307	316
Air Force Reserve	577	595	611	629
Army National Guard	2,984	3,073	3,161	3,252
Air National Guard	967	996	1,024	1,054
Operation and maintenance	6,275	6,452	6,604	6,734
Army Reserve	782	804	823	839
Navy Reserve	903	929	951	969
Marine Corps Reserve	72	74	76	77
Air Force Reserve	914	939	962	981
Army National Guard	1,723	1,771	1,813	1,849

FYDP—PROGRAM V—Continued

[In millions of dollars]

	Fiscal years—			
	1991	1992	1993	1994
Air National Guard	1,881	1,935	1,980	2,019
Military construction	417	425	434	442
Army Reserve	69	71	72	73
Navy Reserve	47	48	49	50
Air Force Reserve	43	44	45	45
Army National Guard	106	108	110	112
Air National Guard	152	155	159	161
Total	14,765	15,190	15,590	15,973
Army Reserve	2,772	2,852	2,930	3,006
Navy Reserve	2,284	2,350	2,413	2,473
Marine Corps Reserve	362	373	383	393
Air Force Reserve	1,533	1,578	1,617	1,655
Army National Guard	4,813	4,951	5,084	5,213
Air National Guard	3,000	3,085	3,163	3,234

The impact of constant real spending and a 10 percent reduction on the each of the Reserve components would be as follows:

Army Reserve.—No-growth funding of the Army Reserve for this extended period would lead to the creation of a hollow Army Reserve that would be incapable of accomplishing assigned missions. The Army Reserve is already experiencing reduced skill training and unit support. This further reduction would occur during a period when the Army is relying more on the Army Reserve to assume mobilization missions.

A 10 percent decrement would critically affect the Army Reserve. The reduction in funding in fiscal year 1991 translates into the dollars needed to send every unit member (277,000) to unit annual training. Decrements of this size would force a substantial reduction in the number of Reserve units and in the number of soldiers in the Army Reserve.

Naval Reserve.—The levels of training drilling reservists would be reduced by 5 percent in fiscal year 1990 and would amount to a decrease of 22 percent by fiscal year 1994. Reductions of this magnitude would have serious implications on the Naval Reserve's ability to train and provide fleet augmentation and support. In the O&M area, aviation primary mission readiness (PMR) would drop from the minimum 86.75 percent to 85 percent, steaming days would be lowered from 21 to 20 days per quarter, and there would be a reduction of two ship maintenance availabilities. Additionally, backlog of maintenance of real property (MRP) would increase to over $95 million. A constrained construction program by fiscal year 1993 and fiscal year 1994 would result in the loss of at least two badly needed projects, which would aggravate today's facility problems.

Reserve manpower structure under a "constant dollar less 10 percent profile" would look vastly different and be significantly weaker than the current force. A 30 percent reduction in drilling reserves in fiscal year 1990 would reach a 46 percent reduction by fiscal year 1994, gutting the Reserve programs, and crippling the ability to assume more fleet missions. Such a reduction would practically eliminate the Naval Reserve's ability to meet the Title 10 U.S. Code mandate of "being prepared to conduct prompt and sustained combat operations at sea in support of U.S. national interests." Reducing O&M so radically would have a dramatic safety and readiness impact in both surface and aviation communities. Aviation PMR would drop to 77 percent, while steaming days would be reduced to 18 days per quarter. Neither level would be sufficient to maintain mission readiness, nor safety of personnel and equipment. Both aviation and surface depot maintenance would have to be postponed, while MRP backlog would increase to over $100 million. The end result would be a serious degradation to fleet readiness. In addition, construction of a wide range of facilities from Reserve Center facilities, to bachelor enlisted quarters would have be cancelled, affecting the readiness and overall morale of the force.

Marine Corps Reserve.—Programmed spending during fiscal years 1991-94 is geared towards maintaining readiness. With constant real spending, initiatives to (1) modernize to achieve and maintain interoperability with Active forces, (2) enhance unit training and operations through active duty support, and (3) continued Active Reserve force mix and structural enhancements for an optimal force balance, would be negated.

A 10 percent reduction in real spending in the Marine Corps Reserve would result in decreases in personnel and operational readiness. Decreases in manning levels for Reserve units would be mandated and exercise practicipation and training would be significantly reduced in order to meet the lower funding levels.

Air Force Reserve.—Maintaining constant real spending would cancel future modernization efforts, i.e., two F-4E units planned for conversion to F-16s, two C-130E units converting to C-141 organic aircraft, and the first C-17 associate unit planned to be activated during this period. It would result in reductions of approximately 490 civilian end strengths and 1,600 flying hours. In addition to cancelling unit and force modernization, combat capability, readiness and flying safety would be seriously degraded as reduced funding would result in deferring or cancelling required depot level aircraft and engine maintenance. This would create large backlogs in engines and exchangeables and lead to the possibility of aircraft being grounded. Maintenance and repair of real property would be cancelled causing the further deterioration in the condition of facilities and the already growing funding backlog would reach unmanageable levels. Required training would be deleted and supply and equipment levels would be reduced thereby degrading the combat capability of existing units.

A 10 percent decrease in real spending would have a devastating impact on combat capability which is at the highest level in history. Since the Air Force Reserve has very little base operating support and real property maintenance funds, reductions would come from flying missions and personnel. A 10 percent decrease would necessitate the reduction of 8,500 reservists, 1,500 civilian personnel (1,000 of whom would be military technicians) and 18,000 flying hours. Reductions of this magnitude would degrade combat capability, flying safety and readiness of exiting units and would delay all scheduled unit and force modernization. Units would be forced to alter hiring plans to include delaying filling, hiring below approved grades and placing personnel on furlough. Such actions would have severe impacts on morale and efficiency.

Army National Guard.—If the resources were held constant, the Army National Guard would not be able to support the required level of operations, or would not be able to support the projected end strength levels.

A similar trend would occur with a 10 percent decrement in the resource stream from fiscal years 1991-94, except that the severity of impact on operations or end strength would be increased. The bottom line is that, by either holding the resource stream constant or decreasing that stream by 10 percent, the capability and readiness of the Army National Guard is likely to suffer.

Air National Guard.—Some increase in real spending is projected for the period fiscal years 1991-94. Most of this program growth is the result of a much needed force modernization effort. Constant real spending would mean cancellation of weapon system conversion and a halt to all modernization efforts that have been so successful in recent years in increasing readiness and preparing to accept greater responsibility for national defense.

A 10 percent reduction in real spending would be devastating to current programs. Flying hours, end strengths, and training would have to be reduced. Quality training opportunities would be lost in favor of less expensive, less effective alternatives. The Air National Guard would face the difficult decision to reduce units and our commitments to various war plans, or fulfill commitments with a force that would not be adequately equipped, trained or prepared to provide maximum contributions or even survive in today's threat environment.

RESERVE READINESS AND CAPABILITY

Senator McCAIN. Please provide a detail classified and unclassified summary of the problems in the readiness and capability of each element of the Reserve as they apply to:

Reserve forces whose primary mission is the defense of Europe in a major conflict.

Reserve forces whose primary mission is the defense of Asia in a major conflict.

Reserve forces whose primary mission is to support USCENTCOM.

Mr. DUNCAN. While there currently is no system that measures readiness of military units, the Status of Resources and Training System (SORTS) provides indicators of units' capabilities. An overview of the SORTS data for each element of the Reserve forces is shown below. Readiness indicators for the Navy Reserve reinforcing/sustaining units, which do not report to SORTS, are based on a similar system that measures personnel manning and individual training levels. Additional narrative information follows each reserve element's overview.

In order to establish consistency of the data for this report only, Army, Air Force, and Marine Corps Reserve component units have been catagorizes as either combat (Cbt) or support (Spt), even though no such definitive catagorization exists in any of those services. Navy Reserve units are catagorized as either commissioned units, which are manned by reservists, or reinforcing/sustaining units, which are jointly manned by Reserve and active personnel.

ARMY RESERVE COMPONENT ELEMENTS

	ARNG		USAR	
	Combat	Support	Combat	Support
Europe:				
Percent units C1–C3	[Deleted]	[Deleted]	[Deleted]	[Deleted]
Percent units C4				
Percent units C5				
Asia:				
Percent units C1–C3	[Deleted]	[Deleted]	[Deleted]	[Deleted]
Percent units C4				
Percent units C5				
USCENTCOM:				
Percent units C1–C3	[Deleted]	[Deleted]	[Deleted]	[Deleted]
Percent units C4				
Percent units C5				

Most factors inhibiting readiness of the Army National Guard (ARNG) are common to the three theaters. Factors affecting the ARNG include a shortage of MOS qualified soldiers, especially at the junior officer and junior enlisted ranks and in technical skills requiring extended institutional training, a shortage of professional medical personnel, a shortage of medical equipment, a shortage of communications equipment, a shortage of 5-ton trucks, a shortage of fuel tankers, semi-trailers, generators, maintenance test sets, and maintenance shop equipment. Additionally, ARNG combat units missioned to Europe experience a shortage of M113 personnel carriers, TOW anti-tank missiles, and STINGER anti-aircraft missiles, while combat units missioned to Asia have a shortage of TOWs and STINGERs.

Factors inhibiting readiness of the U.S. Army Reserve (USAR) are also common to the three theaters. Factors affecting the USAR include a shortage of personnel, a shortage of MOS qualified soldiers, especially in technical skills requiring extended institutional training, a shortage of medical personnel and equipment, a shortage of 5-ton trucks, fuel tankers, semi-trailers, generators, test sets, shop equipment, and radios.

AIR FORCE RESERVE COMPONENT ELEMENTS

	ANG		USAFR	
	Combat	Support	Combat	Support
Europe:				
Percent units C1–C3	[Deleted]	[Deleted]	[Deleted]	[Deleted]
Percent units C4				
Percent units C5				
Asia:				
Percent units C1–C3	[Deleted]	[Deleted]	[Deleted]	[Deleted]
Percent units C4				
Percent units C5				
USCENTCOM:				
Percent units C1–C3	[Deleted]	[Deleted]	[Deleted]	[Deleted]
Percent units C4				

AIR FORCE RESERVE COMPONENT ELEMENTS—Continued

	ANG		USAFR	
	Combat	Support	Combat	Support
Percent units C5	[Deleted]	[Deleted]	[Deleted]	[Deleted]

Problems affecting Air National Guard (ANG) and Air Force Reserve (USAFR) readiness and capability span the theaters of operations. The Air Guard and Air Force Reserve, as part of the Total Force, generally share those problems which affect the Active component. There are notable exceptions to this. The first is the lack of electronic counter measures (ECM) equipment reported by both the Air Guard and Air Force Reserve. The second is the lack of chaff and flare capability reported by the Air Guard. The third is the shortage of critical medical specialties reported by the Air Force Reserve. These problems, while of concern to the Active forces, are acute problems for the Air Reserve components and impact their capabilities significantly.

The theater specific problem areas discussed below apply to the Total Force and are not characteristic of the Air Reserve components alone.

Europe.—Limited strategic and intratheater airlift constrains the ability to deploy and sustain combat ready forces in theater. The malpositioning of theater consumable supplies and war reserve material hinders the resupply and sustainment of forces. Air-to-air missiles, medical support, and chemical warfare assets remain identified shortfalls. Day-to-day operations will be hampered by a lack of mission essential equipment. A prime example is the shortage of external fuel tanks for deep interdiction aircraft. Without the tanks, deep targets will remain unattacked. Another critical area is fuel storage shortfalls at the collocated operating bases and main bases. Without fuel, sortie generation will cease.

Pacific.—Limited strategic and intratheater airlift hinders the deployment of combat ready forces. Because this theater is so vast in area, without sufficient airlift, all deployment, resupply, and sustainment operations will suffer. Air-to-air missiles, medical support, and chemical warfare assets are identified shortfalls. Day-to-day operations will be hampered by a lack of mission essential equipment. With a shortage of external fuel tanks for deep interdiction aircraft, many targets will not be attacked due to significant target distances.

USCENTCOM.—The primary problem is the limited strategic and intratheater airlift to deploy and sustain the force. The long distances and poor infrastructure in the region make the initial deployment and resupply airlift intensive. Without adequate lift, combat capability will suffer. There are few aircraft fuel tanks, racks, adapters, or pylons in theater. These expendable resources must be available to generate follow-on sorties. Air-to-missiles, medical support, and chemical warfare assets are identified shortfalls. Day-to-day operations will be hampered by a lack of this mission essential equipment.

NAVY RESERVE—USNR

	Percent—		
	C1–C3	C4	C5
Europe:			
Commissioned Units:			
NRF ships and Special Boat Units	[Deleted]	[Deleted]	[Deleted]
Carrier Air Wing (CVWR)			
Patrol Squadron (VP)			
Helicopter, ASW Light			
Tactical Control Squadron			
Mobile Inshore Undersea Warfare (MIUW)			
Fleet Logistic Support Squadron			
Fleet Composite Squadron			
Construction Forces (Brigade, Regiments, Battalions, Force Support Units)			
Cargo Handling Battalions			
Mobile Diving and Salvage Units			
Reinforcing/Sustaining Units			

NAVY RESERVE—USNR—Continued

	Percent—		
	C1–C3	C4	C5
Asia:			
Commissioned Units:			
NRF Ships and Special Boat Units	[Deleted]	[Deleted]	[Deleted]
Carrier Air Wing (CVWR)			
Patrol Squadron (VP)			
Helicopter, ASW Light			
Tactical Control Squadron			
Mobile Inshore Undersea Warfare (MIUW)			
Fleet Logistic Support Squadron			
Fleet Composite Squadron			
Helicopter, Combat Support (Special)			
Construction Forces (Brigade, Regiments, Battalions, Force Support Units)			
Cargo Handling Battalions			
Mobile Diving and Salvage Units			
Reinforcing/Sustaining Units			
USCENTCOM:			
Commissioned Units:			
No Reserve units assigned with this primary mission			
Reinforcing/Sustaining Units	[Deleted]	[Deleted]	[Deleted]

The readiness and capabilities of NRF ships and special boat units assigned to both Europe and Asia is affected by ships being in overhaul and special boats being deployed. Carrier Air Wings are affected by fleet-wide A-7 and E2C wing problems. Patrol squadrons lack data link capability. Indicators for the mobile inshore undersea warfare units are down because of the number of new units that have not yet received programmed equipment. Construction forces are affected by the need for training school quotas and insufficient IDDT funds. Cargo handling units are also hampered by a lack of IDDT funds. No significant problems in readiness and capability exist for Naval Reserve reinforcing/sustaining units.

MARINE CORPS RESERVE—USMCR

	Percent—		
	C1–C3	C4	C5
Combat	[Deleted]	[Deleted]	[Deleted]
Support			

The mission of Marine Corps Reserve units is to augment and reinforce the three Active Marine Expeditionary Forces, so the data shown applies to all theaters. The principle factor affecting increased USMCR readiness is MOS mismatch.

Questions Submitted by Senator Strom Thurmond

MANPOWER FOR THE RESERVE FORCES (NG)

Senator Thurmond. Mr. Duncan, the Army National Guard has been given the mission of activating four Hawk Missile Battalions which were taken out of the Active Army Force Structure. South Carolina is one of the States that have been given the mission to activate the 1-263rd Air Defense Battalion on March 1, 1991. As you are aware the Hawk Missile Battalion is an extremely complex unit and requires a high level of full-time manning. Active Army proponents have recommended 340 full-time personnel and 371 traditional drilling guardmen per unit. Fifty-three of the full-time positions are Hawk peculiar maintenance personnel who are critical to the unit's mission and require extensive training. I have been advised that the fiscal years 1990 and 1991 budget request does not provide for these full-time positions.

Does the fiscal years 1990 and 1991 Defense budget include requests for any of these full-time positions in the 1/263rd ADA Battalion?

Mr. DUNCAN. The fiscal years 1990 and 1991 Defense budget provides an increase of 250 AGR resources in fiscal year 1990 and requested a growth of 350 AGR in fiscal year 1991 which has yet to be passed. Distribution of these limited resources will be accomplished according to Army National Guard policy for priority of fill. South Carolina will be considered in that prioritization.

Senator THURMOND. What is the Army's assignment priority for those 250 full-time personnel authorizations requested in the fiscal years 1990 and 1991 budget request?

Mr. DUNCAN. The 250 full-time authorizations received in the fiscal years budget will be utilized to fill AGR requirements scheduled to be resourced for fiscal year 1990 growth. They include:

Organization	State
Air Defense	AR, FL, IN, OH, PA, SC.
Aviation	AZ, FL, ID, MO, MT, OK, UT, WA.
Chemical	IL, NV, NM.
Heavy Bde (Conv)	GA, ID, MS, MT, NY, OR.
Mash	CO, GA, IN, OH.
MI (Linguist)	CA, FL, LA, WA.
Signal	AR, DE, IN, MA, MI, MO, NY.
Training sites	HI.

The budget increase of 250 over fiscal year 1989 still leaves a shortfall of 15,832 unfunded AGR requirements.

Senator THURMOND. What are the Army's plans for filling the full-time positions in the 1-263d ADA Battalion?

Mr. DUNCAN. South Carolina will receive a proportionate share of full-time support based on a prioritization of fill implemented by the Army National Guard. Prioritization of resources is accomplished in accordance with the DAMPL (DA Master Priority List):

	Percent
Early deploying units ([1] FAD II)	80
Later deploying units (FAD III)	70
Last deploying units (FAD IV & V)	60

[1] FAD—Force Activity Designator.

HAWK

Senator THURMOND. What is the annual manpower cost of an active Army HAWK battalion?

Mr. DUNCAN. The annual manpower cost of an active Army Hawk battalion is $14.952 million.

MANPOWER FOR THE RESERVE FORCES (NG)

Senator THURMOND. What is the projected annual manpower cost of a National Guard Hawk battalion using the strength figures quoted above.

Mr. DUNCAN. The projected manpower cost to fund a National Guard Hawk unit consisting of 350 full-time personnel and 371 traditional drilling guardsmen is $14,445,000.

Senator THURMOND. What is the percentage of full-time personnel in the South Carolina National Guard compared to those States that also have HAWK and AH-64 battalions.

Mr. DUNCAN. South Carolina and Florida are the only two States scheduled for both HAWK and AH-64 battalions. Florida presently has both while South Carolina has the AH-64 battalion but is programmed to receive the HAWK. Florida has a total of 2,209 FTS requirements with 1,309 authorizations for an overall level of FTS at 59.3 percent. South Carolina has a total of 1,605 FTS requirements with 1,306 authorizations for an overall level of FTS of 81.4 percent. If projected HAWK requirements/authorizations are added to South Carolina, it would have approximately 2,000 requirements with 1,435 authorizations for an overall level of FTS of 71.7 percent. That figure reflects an increase of 129 authorizations which at this time is an optimistic estimate.

QUESTIONS SUBMITTED BY SENATOR J. JAMES EXON

MEASUREMENT OF READINESS

Senator EXON. In reviewing various documents, I find that the question of readiness is always hedged by the reserves. In a recent report, the Reserve Forces Policy Board observes that "An objective and uniform readiness measuring system for reporting unit readiness does not exist."

Obviously, such a system would be invaluable. What steps have been taken to develop an objective readiness measurement system for the Reserve forces?

Mr. DUNCAN. The term, "readiness," when applied to military units and forces, has been interpreted in a broad and varied manner. Many attempt to equate "readiness" to military capability, others to response time. What we would like to measure is the ability of a unit to accomplish its wartime mission with a high degree of success. This would be a measure of a unit's capability. However, assessing this capability, using methods short of the results of actual combat, is both time consuming (computer modeling) and subjective. Therefore, it is more convenient and objective to measure the resources (equipment, personnel, and training) available to a unit and use resource level data as indicators of potential capability possessed by a unit. Such a measure is the Status of Resources and Training System (SORTS) used by the Department. There is a direct correlation between the level of resourcing in personnel, equipment, and training to unit capability. Another assessment factor of military capability is the ability of a unit or force to sustain combat operations. That assessment is conducted by the measurement of the number of days of available supply of combat items, e.g., ammunition, fuel, food, spare parts, etc. However, neither of these tools include the intangible factors—morale, physical and mental condition, and esprit-de-corps—that have significant impact on the outcome of battle.

Realizing the need for further refinement of the readiness assessment of Reserve components, some studies have been commissioned by the Department. The following examples of current ongoing studies are designed to investigate alternative measuring systems. The "Integrated Assessment of Readiness and Sustainability" project examines the (1) practicality of measuring units' training in terms of time required to achieve specified performance standards, and (2) the feasibility of an overall integrated approach for assessing force readiness and sustainability. The "Key Performance Indicators" project will develop a measurement methodology by which a given military unit's primary mission performance can be predicted.

Senator EXON. What steps have been taken to assure that Reserve training hours are devoted to mission rather than to paperwork and administrative requirements?

Mr. DUNCAN. In the Reserve component training environment, constraints are geographic dispersion, mobility of reservists and their families, new weapons systems, distracting administrative requirements, employer demands, testing and training systems designed primarily for the Active environment, limited training time and limited access to some modern equipment needed for training. All of the services have dedicated programs to overcome these problems.

The percentage of time spent on administrative requirements differs widely for various units based primarily on the type of unit and the command to which the unit is assigned. Although the services have not attempted to determine a specific percentage of time spent on administrative requirements, several reviews of the Reserve component training environment have determined that it is higher than desirable and that administrative requirements do impact on training.

The services' approach is to establish objectives for the amounts of available training time which may be dedicated to mission training. All of the services have conducted regulation reviews to eliminate some administrative requirements. The Army, for example, has established the objective of reducing administrative requirements so that no more than 20 percent of a unit's available training time is used for administration. The objective recognizes that there is some administration which is necessary to warfighting readiness. The remaining 80 percent of the training year will be available for mission essential training.

Several significant administrative reductions in the services have already been implemented. The effort is comprehensive in that it addresses not only administrative reductions but efficiencies which may be gained through automation and the prevention of future unnecessary requirements from creeping back into the system.

New automation techniques are being introduced and encouraged to streamline personnel and pay records and to further reduce the administrative time spent in units, thereby devoting more time to mission training.

ACTIVE/GUARD AND RESERVE (AGR)

Senator EXON. In these times of cost consciousness and tight budgets, what steps have been taken to control costs of support manpower? My concern here is the differential of costs between AGRs and civilian technicians that perform the same function. Couldn't the Reserves save significant amounts of money if the duties were performed 100 percent by civilians. What justification is there for two different types of personnel doing these support functions?

Mr. DUNCAN. As you point out, the full-time support program in the Reserve does consist of several types of personnel. They include Active Guard/Reserve (AGR), Military Technicians (MTs), Active Component (AC) members and pure civilians. Your question centers around a comparison of the AGR program and the MT program. Historically, it has been very difficult to establish a viable cost comparison of these two types of assets. It is completely dependent upon factors such as the geographical area involved, the need to establish a competitive salary for certain required skills and the militarily required grade structure for a given position. The most recent effort to capture the comparative costs of these programs was undertaken by the Sixth QRMC. Their bottom line conclusion was that, in the big picture, there is little difference in cost between the two types of personnel. We have recently published new DOD guidance on the full-time support program. In this guidance document, we direct the services to use the most cost effective form of manpower, consistent with mission requirements. This guidance, while stressing fiscal austerity, gives appropriate credence to the very real need to use the right type of personnel for each situation. By and large, the services have found that the Military Technician is best utilized in the more technical positions which require stability, longevity and a competitive salary. The AGR is more suited for positions which are more closely aligned with unit leadership and training as well as those positions which require odd or extended hours of work. We perceive a valid need for all four types of full-time support personnnel across the spectrum of the various Reserve components. Readiness improvement is the primary purpose for the full-time cadre in our RC units. Consequently, we recognize the need, and are very concerned, that the services utilize the appropriate type of personnel asset to best meet the military mission requirement. I would also like to point out that several months ago, we initiated a study to enable us to provide more detailed guidance to the services on where full-time support should be utilized and which type of full-time support is most appropriate in certain type situations.

USEFULNESS OF NAVY RESERVE FRIGATES

Senator EXON. Admiral Smith, while it is correct that it is less expensive to maintain frigates in the Naval Reserve than on active service, I do have some concerns in this area. Just how much is saved given that even Reserve frigates have a large active duty crew? How much of a problem is it that these frigates must be based where the population can support them rather than where a sound strategic decision would recommend?

Admiral SMITH. Figures provided by NAVCOMPT indicate that the current savings of placing an active frigate in the Naval Reserve Force (NRF) is approximately $2 million per ship per year. The majority of this savings comes from a reduction in the active crew to 57 percent of the wartime complement with Selected Reservists filling the remaining 43 percent.

There are no homeport shifts in either fiscal year 1990 or fiscal year 1991. The impact of any future homeport shifts is currently being reviewed by Navy.

DEPLOYMENT IMPACTS OF RESERVE FRIGATES

Senator EXON. If Reserve frigates are not deployable in peacetime, how does this affect the number and length of deployments for the remaining ships and sailors left in the active fleet?

Admiral SMITH. According to information provided to me, the frigates transferring to the Naval Reserve Force have already completed their deployment cycles and were not scheduled for deployments again until fiscal year 1992. This issue is under review within Navy. The Chief of Naval Operations continues to support his goal of maintaining the current personnel tempo of operations for ships and their crews. The Chief of Naval Operations is working to resolve the problem of how to continue to meet operational commitments with fewer forces which are deployable in peacetime.

ADDING MORE TO THE RESERVES

Senator **Exon**. Domestic political concerns could impede the timely mobilization of forces in the Reserve components. For example, because of concern for its impact on public opinion, a President might not mobilize members of the Selected Reserve even when military strategic requirements would make mobilization advisable. Does a situation like this have consequences for our policy of putting additional forces or assigning additional missions to the Reserve components?

Mr. **Duncan**. The Total Force national defense policy requires that the Reserve forces, particularly Selected Reserve units and individuals, be maintained in a high state of readiness. The basis of this policy is the valid assumption that when military strategic requirements dictate a mobilization or a callup of Reserve forces, the President will exercise his responsibility as Commander-in-Chief without inordinate concern over public reaction.

Since the inception of the Total Force, reservists have very effectively, and voluntarily, augmented the Active components in a number of operational missions, such as Grenada and the escort of the re-flagged ships in the Persian Gulf. Such operations have not been of a magnitude to require the involuntary call-up of Reserves.

Additional missions can be assigned to the Reserve components but they must be examined on a case-by-case basis. The most important consideration is not political concerns but whether a particular military capability, which may be critical to contingency operations, should reside exclusively in National Guard and Reserve. Since the Total Force Policy has been in effect, a concern over possible public reaction to using Reserve forces in a crisis situation has not been a factor in assigning missions to the National Guard and Reserve, nor should it be a factor in future considerations.

[Whereupon, at 11:50 a.m., the hearing was adjourned.]

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